MAY 14, 1930

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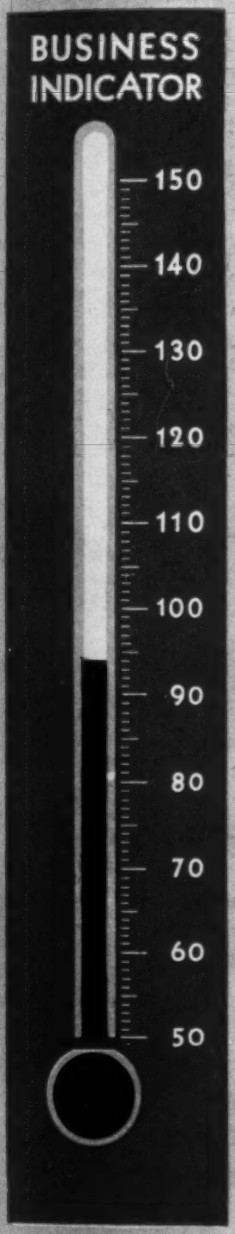
THE BUSINESS WEEK



IN SPITE of premature hot spells our business thermometer registers no change in the general level of activity, and lingers around 6% below normal as against nearly 9% above at this time last year (See p. 42). . . . . There is little prospect of immediate improvement. Basic industrial activity is declining with the passing of the spring stimulus, and general trade has not yet responded to world-wide reduction in money rates to the lowest levels in some years. . . . . Commodity prices continue to weaken. Conflict and chaos in Washington and economic and political clouds abroad confuse and darken the domestic and foreign trade outlook and contribute to business hesitation in long-time commitments. . . . . In the long-range view, business is now suffering chiefly from a pain in the expectations, due mainly to overproduction of official forecasts of early and easy return of the swell times of yesteryear, and the assumption that life in these States is bound to be just one boom after another. It is hard to reconcile ourselves to a level of business that can be maintained without economic miracles or political pulmotors. . . . . The stock market has led the way toward a more rational appraisal of business prospects and is likely to discount the future in the next few months more closely than it has so far.

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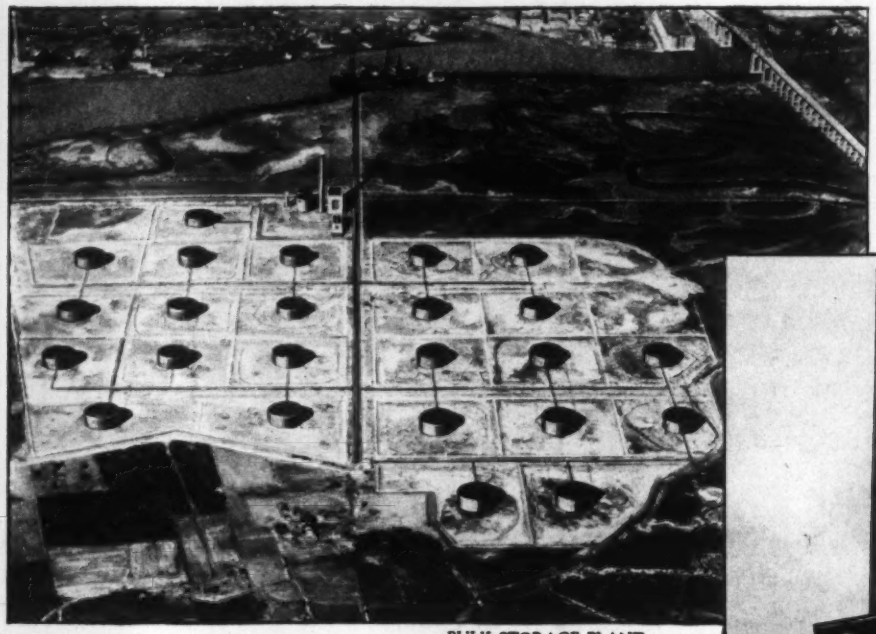
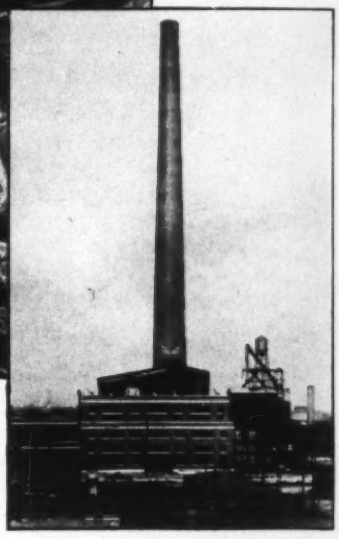


BULK STORAGE PLANT
Staten Island



POWER PLANT
Utilizing Refinery Waste Products
Port Arthur, Texas

Building two plants for the Gulf Refining Company

A 1,920,000 barrel oil storage plant on Staten Island, and a power plant at Port Arthur, Texas, built simultaneously in fast time.

TO SERVE the New York market, the Gulf Refining Company required a new storage plant on Staten Island. At the same time a large new power plant was needed at the refinery at Port Arthur, Texas.

We were called in to design and build both plants.

The storage plant on Staten Island has a capacity of 1,920,000 barrels, occupies 40 acres, and includes twenty-four 80,000 barrel oil tanks, steam plant, two drainage pumping stations, oil pumping station, fire pump and substation, dock for oil tankers, 9 miles of oil pipe mains, 18 miles of foamite pipe, 8 miles of steam pipe, 4 miles of levees, 3 miles of streets and roads, 4 miles of water mains, 2 miles of electric pole lines.

We did all this work—design and construction—with our own forces in six months' time.

The power plant at Port Arthur, designed to utilize refinery waste products—sludge oil and pulverized paraffin petroleum coke—contains 3 boilers of 15,400 sq. ft. each and a turbine of 10,000 kw. capacity. It was also built in six months.

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MAXIMUM RETURN TO CLIENTS PER DOLLAR INVESTED

THE BUSINESS WEEK (with which is combined The Magazine of Business). May 14, 1930, No. 36. Published weekly by McGraw-Hill Publishing Company, Inc., Tenth Avenue at Thirty-Sixth Street, New York, N. Y. James H. McGraw, Chairman of the Board; Malcolm Muir, President; James H. McGraw, Jr., Vice-President & Treasurer; C. H. Thompson, Secretary. $5.00 per year. 15c per copy. Entered as second-class matter February 15, 1930, at the Post Office at New York, N. Y., under the act of March 3, 1879. Printed in U. S. A. Copyright 1930 by McGraw-Hill Publishing Company, Inc.

What's In This Issue—And Why

RATHER dramatically, the Senate opponents of Mr. Grundy and his followers tossed the tariff bill back into conference where a bitter fight is forecast, particularly over the administrative features and the debenture scheme.

THE rest of the world watches with resentment it takes no pains to conceal. Canada already has struck back with a tariff that will divert $200 millions of trade from the United States to Great Britain.

THE high tariff fever is highly infectious. The Argentine has caught it, and Australia. The Honorable J. D. Fenton, Australian Minister for Trade and Customs, explains to *The Business Week* the emergency "down under."

STRUGGLING against hope, the Treasury is trying to save the present income tax rates but its outlook for success isn't bright.

RUSSIAN exports are beginning to be felt here and there; retaliatory threats spring forth, fulfilling a prediction in *The Business Week* that was mildly derided at the time.

THE United States is expected to buy $80 to $90 millions of reparations bonds; the bonds will bear 5½% interest; receipt of the vast proceeds by France will make her even more troublesome in the world's money markets. Thus cables the Paris Bureau of *The Business Week*.

MYSTIC he may be, millions call him a saint, but the roots of Mahatma Gandhi's revolt against the British rule in India run deep down into economics. His is essentially a business movement, of potential importance to America.

INTERSTATE COMMERCE COMMISSION, digging deeper into the question of extra fare trains, will center most of its investigation in New York. It seems to the cynical traveler nowadays that all trains are extra fare. Railroads give their reason.

MEANWHILE, the roads operating between Chicago and the Northwest continue their merry war to have the fastest and the finest trains, instituting the fourth time-cut within a year in the Chicago-Seattle schedule.

THE "boat train" is a familiar institution abroad. America's first boat train was run this week; service may be further developed.

"THE Great Atlantic and Pacific Tea Company," it has always been called. But it has taken it 70 years to justify its name. It has just opened stores on the Pacific coast, plans much development there.

THOUGHTFUL leaders of business, one after another, are analyzing the world's economic ills and offering constructive suggestions. Latest is Bernard M. Baruch who suggests a forum through which business may arrive at some sensible regulation of production.

PRESIDENT HOOVER, characteristically, wants to conduct a great fact-finding study into the causes of the present depression. Members of the U. S. Chamber of Commerce, reflecting upon this suggestion, are much impressed.

ONE of the world's most exclusive little clubs seems to be torn by dissension, as so often happens in clubs when the going gets hard. Lack of unity among copper producers is becoming painfully apparent as no price agreed upon is able to hold more than a few days.

THE BUSINESS WEEK

A McGRAW-HILL PUBLICATION

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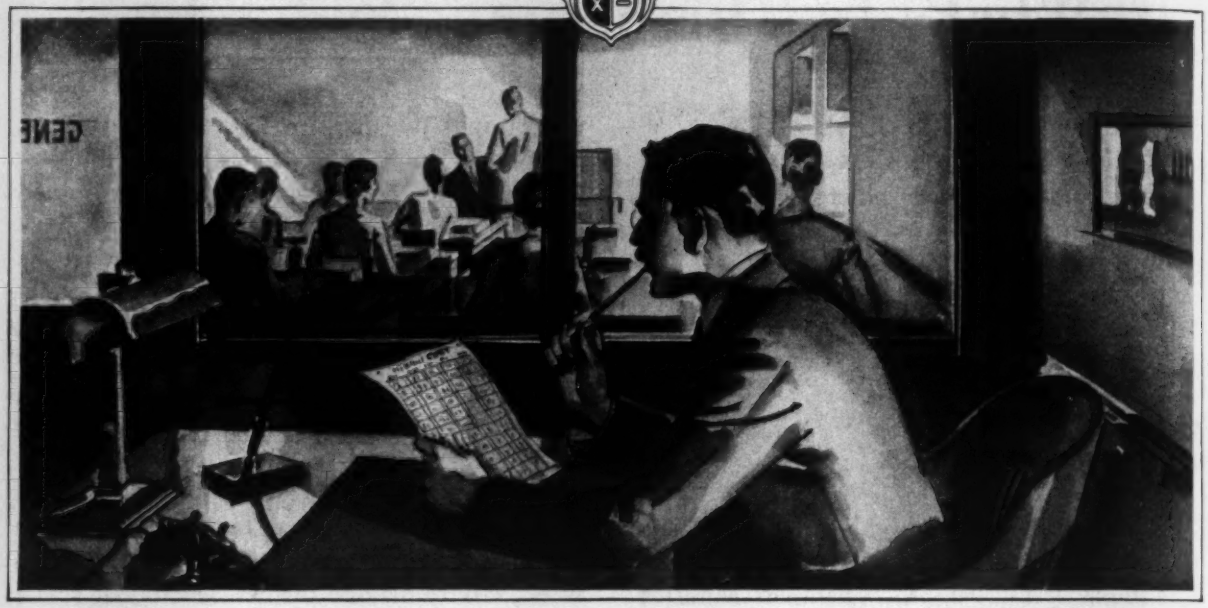
THE HIGH SPEED MACHINE FOR ALL FIGURE WORK



Office work costs are like *weeds in a garden*

THEY sprout and grow unceasingly and can be kept down only by constant care and attention. If not everlastingly watched, they eventually smother efficiency and pile up expense.

Some of the common *cost weeds* found in the figure work of accounting are:

Use of slow equipment on high speed work.

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Hit and miss routing of figuring operations.

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THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending May 10, 1930

Treasury Tries Hard To Save Low Rate on Income Tax

But Estimates Now Point to Deficit and Old Levels May Be Restored Unless Expenditures Are Cut

THE administration is making an almost desperate effort to save the present low income tax rates. Officials are apprehensive, not inclined to forecast.

President Hoover's letters of warning to Congress recently estimated a deficit for the fiscal year ending June 30, 1931, of about $30,000,000. Officials feel certain the present fiscal year will show a small surplus.

The President's estimates for next year were based on the assumption that the present rates will remain in effect. His statement that the outlook for a deficit for next year "could not be countenanced" was, therefore, equivalent to a warning that unless this prospect could be wiped out, the old, higher rates would necessarily be restored. Estimates based on the old rates show a substantial surplus.

Reduction of income tax rates applicable to 1929 was for one year only. They included a drop of 1% in corporation rates and decline of individual rates on a graduated scale. With no further action by Congress the old rates will be resumed for incomes for 1930.

The first four months of 1930 indicate that revenues of the government will not be maintained at recent levels through income tax. Corporation earnings for the first quarter are off 19%.

Government expenditures steadily rise. For the 10 months of the present fiscal year, expenditures were 4% above last year, despite the administration's iron-clad rule to prevent any increase. Receipts are up only 3%. Customs receipts are especially hard hit through decreasing foreign trade, off 7.6% from a year ago. There are no present signs of a change in trend.

Indications appeared this week that changes in the rate of taxation on capital gains may be considered. Gains on property (stocks, bonds, real estate, etc.) held less than two years now are taxed at regular income tax rates. But gains on property held more than two years are taxed at 12½%. This rate was established arbitrarily in 1922. The unfairness of taxing all in one year the gain on property which had accumulated over a period of years led to the agitation this year for modification.

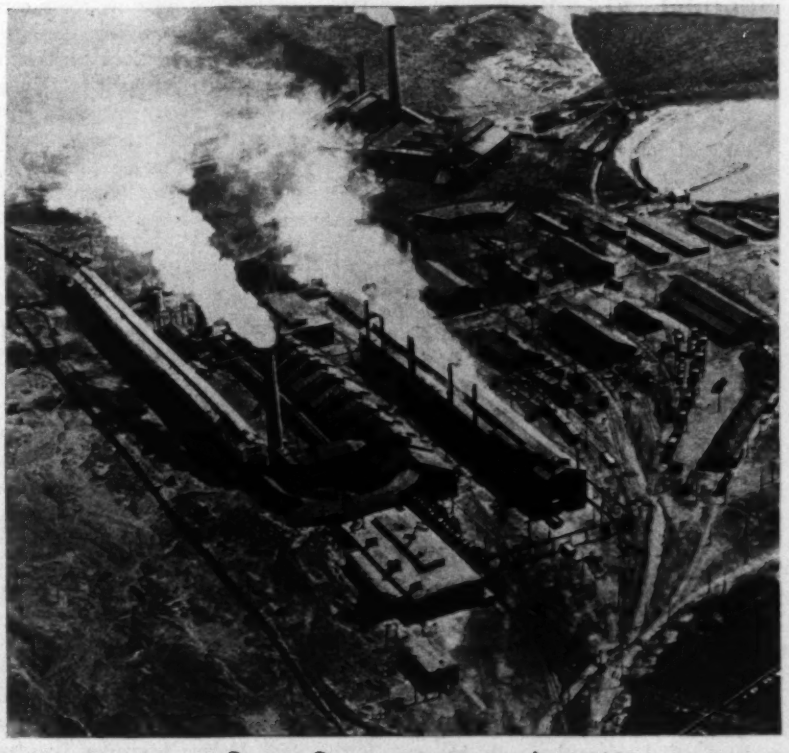
Copper Market Breaks Open As Sellers Split on Price

THE unity of copper producers in the matter of price is distinctly at an end, events this week indicate. The 14-cent quotation held just 3 weeks lacking a day—until late Saturday, May 3, when the price again began to sag. By the middle of the week the metal was selling as low as 12 cents.

Early sales of substantial tonnages at 12 and 12½ cents seemed to indicate that large buyers were inclined to enter the market at that level. As the week progressed, however, it began to look as though the speed of the decline had led some of them to revise their ideas of a bargain to 11 cents. Nevertheless, large buying, both here and abroad, is probable shortly.

Waited for New Drop

When the 14-cent price was first announced it stimulated foreign business to some extent, but both foreign and domestic business soon fell away to practically nothing when producers would make no further promises of price maintenance and it was generally felt that further cuts would be necessary. Such a cut came on Monday afternoon when one of the chief producers



COPPER COUNTRY FROM THE AIR

This Ontario smelter handles 3,000 tons of ore a day. Ore cars come in at the left and are dumped in the beding bins (the long shed). The ore goes from there to the roasting rooms (with the big chimney), thence to the converters (rear right)

dropped from 14 to 13 cents. This quotation was immediately accepted by most of the other sellers, but there was still no rush to buy, consumers holding out for the 12-cent price. On Tuesday at least one seller came to 12½ cents to take care of a buyer who had to have immediate shipment. Late in the day the 12½-cent price was shaded, but apparently no further business was done and buyers remained aloof until the 12-cent offer was made Wednesday. This was immediately snapped up and other sellers found no difficulty in booking several thousand tons at 12¼ and 12½ cents.

Must Buy Soon

Meanwhile producers say that a fair tonnage will have to be bought within the next week or two regardless of price unless plants are to be closed down. Also, several sellers, who might be expected to follow the market down, feel that they would rather accumulate copper as a speculation than sell it below 12 cents. In fact, it seems probable that some producers may even refuse to come to that level if demand is sufficient immediately to pick up all offerings by others at that price.

Rayon Price Cut Will Stimulate Fine Yarns

AMERICAN rayon manufacturers have made the long-needed move to bring the prices of their fine yarns into line with those charged for heavier qualities. The Viscose Company, country's largest rayon producer, has cut fine yarns up to 125-denier from 5 to 50 cents a pound. DuPont Rayon Co. has followed suit and other manufacturers are expected to join the movement.

The wide differential hitherto existing between fine deniers and the heavier yarns has held down the sale of the former, while the companies have been able to dispose of all the cheaper heavier poundage they could turn out. The result of the change is expected to be an immediate upturn in the manufacture of fine yarn fabrics. In the meantime, announcement of the new schedule has temporarily unsettled trade.

Recent introduction of a 50-denier yarn by the Viscose Company is attracting wide attention and it is believed that the new yarn will find considerable use in hosiery and flat-knit garments. Simultaneously, a new rayon fabric, said to be 10% stronger than silk, has appeared on the German market, is said to be remarkable for lustre and softness, resembling linen in the fact that it can be boiled, rubbed and wrung out.

HAUL WOOL WEST TO EASTERN MARKETS

The Arizona wool growers are shipping their 1930 clip overland on truck-trains to Los Angeles, thence by water through the Panama Canal. They save 68½ cents a hundred over the rail-water route via Los Angeles, and 38 cents via Galveston

Senate Coalition Sends Tariff Back to Conference

THE tariff bill is back in conference again. It was sent there Wednesday by the Senate with instructions to its representatives to disagree with the House votes on cement, silver, soft wood lumber, debenture, and flexible tariff. Under the leadership of Democratic Senators Robinson and Simmons, the Senate refused to consider the uncontested portions of the bill, as sought by Senator Smoot; insisted that the entire bill be returned to conference to iron out differences. The strategy of this action is that advocates of the debenture and of a flexible tariff with the "flexibility" controlled by Congress can now use the dispute rate schedules to whip into line their colleagues who are against such drastic administrative changes.

Bitter Fight Inevitable

When the conference report came before the Senate directly following the vote on Judge Parker, the coalition group was in control and sent the bill back after a short debate on procedure. Since the victory of Senator McMaster, in the South Dakota primaries Tuesday, is considered to be a vindication for coalition group's attitude, it is expected to wage determinedly its battle for debenture and its own version of flexible tariff, with final outcome still uncertain. A bitter fight in conference seems inevitable.

Protests from Abroad

Publication of the conference report has brought renewed protests from other countries against proposed commodity rates. Canada has taken retaliatory measures (page 31). Switzerland continues to protest rates on lace and watches; now adds shoes. Other protests include those from Egypt on onions and long staple cotton; The Netherlands —wrapper tobacco, rayon yarns, margarine, fruit juices, kip leather; Spain—pearls, oil; Italy—olive oil, canned tomatoes, straw hats, cheese, lemons; Greece—cheese; Austria—cigar and igarette holders; Denmark—butter; Finland and Sweden—hard bread; Irish Free State—horses; France—lace, edible gelatine, glue, buttons; Norway—ship repair parts. Other protestants include Australia, the Bahamas, Bermuda, Dominican Republic, West Indian Colonies of Great Britain, India, Guatemala, Honduras, Uruguay, Argentina, Turkey, Roumania, Persia. The high tariff fever is breaking out elsewhere—in Australia (page 32) and in Argentina (page 30), though not, in all cases, as a result of action here.

utilize, reclaim or salvage all scrap resulting from their manufacturing operations. Smaller concerns, which cannot afford to handle this work, and whose supply of scrap is too small to interest any but retail junk collectors, have not been so successful.

With increasing attention being given to salvaging, it seems likely that scrap from even the smallest concerns can go back into the market.

Capper-Kelly Bill Just "Getting the Run-Around"?

ACTION by the House Interstate Commerce Committee intended to expedite consideration of the Capper-Kelly price-fixing bill is not regarded seriously by those who know Washington. The committee's instructions to its chairman to obtain a priority ruling for the measure mean, not that the bill has passed another milestone in its legislative path, but that the Interstate Commerce Committee has passed the buck to the Rules Committee. Further odium for obstructing the proposed legislation will have to be borne by the latter.

Political sages point out that it is one matter to ask for a rule and another to get it and, unless a priority ruling is secured, it is not believed that the bill has a chance of passing the House.

Wage Truce Hoover Asked Violated By Both Sides

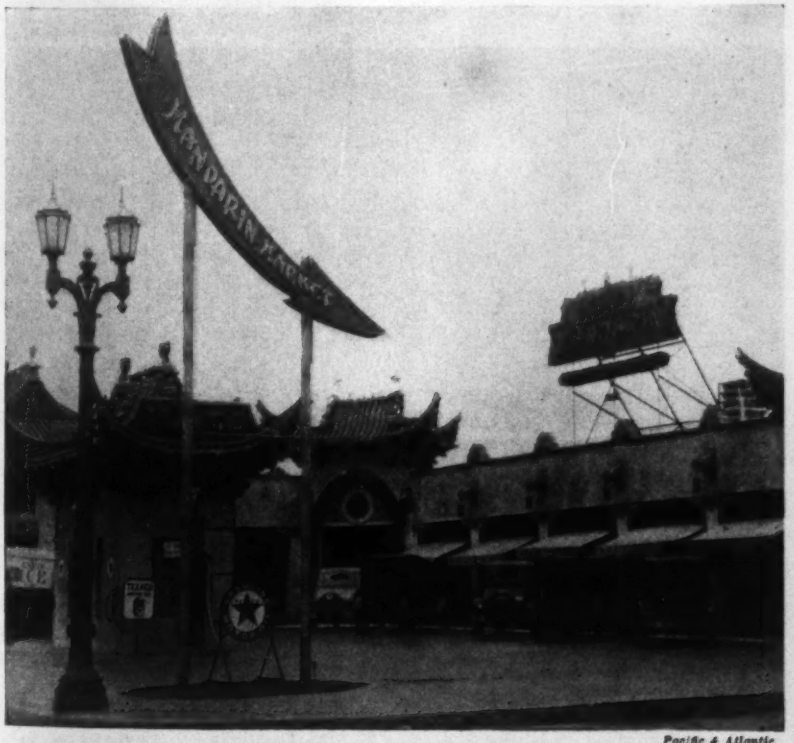
THE wage truce declared at the President's conferences of business and labor leaders following the stock market crash seems to have suffered somewhat the same fate as the recent tariff truce conference and the naval reduction parley. The promises of employers not to reduce wages and of labor organizations not to demand wage increases were apparently made without due allowance for the weight of a business recession much more prolonged and serious than was anticipated at the time.

The figures published by the United States Bureau of Labor Statistics indicate that while the wage truce apparently held fairly well during the last two months of 1929, since then the proportion of wage decreases has tended to rise considerably. In the month from November 15 to December 15 the Bureau records wage increases in 35 establishments, averaging 9.2%, as compared with decreases in 23 establishments averaging 9%. In the month from December 15 to January 15 increases were reported in 54 cases and decreases in 26 cases, but the increases averaged 2.9% while the decreases averaged 9.7%.

From January 15 to February 15, however, there were only 16 increases averaging 5.3% and 25 decreases averaging 10%. Preliminary figures for the month of February 15 to March 15 show only 3 cases of wage increases against 31 of wage decreases.

The drastic slump in wholesale prices, which was not anticipated back in November, undoubtedly forced wage decreases in many cases under sliding scale arrangements whereby wages are related to selling prices of products. Such adjustments have been held off until recent weeks, but since the middle of April four copper companies have reduced wages under such arrangements, and wage cuts in sheet and bar mills in the steel industry have been made.

It should be noted that the collapse of the wage truce has not been one-sided. During the period since October, 1929, the Bureau of Labor Statistics records 179 cases of upward revision of union wage rates.



Pacific & Atlantic

FOR THE AUTOMOBILE TRADE

The interesting thing about Hollywood's new Mandarin Market is not its Chinese atmosphere but the fact that it is built around a filling station. A driveway and private parking place make shopping easy

Building Trade Jobs Pick Up in New York

IN metropolitan New York slight improvements in the building trades and metal trades affiliated with them and encouraging developments in the clothing industry were reported last week as outstanding developments in the unemployment situation. The special subcommittee on unemployment of the industrial relations committee of the Merchants Association of New York set forth in some detail, also, outlines of various employment and wage guarantee plans which have been adopted by a number of companies, and suggested that study of these plans would be of interest to association members.

The report announced that building trades are beginning to feel the effect of work started earlier in the year; metal trades associated with building are improving while other metals trades are stationary; employment in clothing industry is apparently below that of March but seasonally so and little below 1929; printing trades report little increase in employment but maintenance of a high wage level.

Cotton Manufacturers Celebrate A Birthday—With Fireworks

COTTON manufacturers talked out in meeting at Boston last week. The occasion was the 75th anniversary convention of the National Association of Cotton Manufacturers—but it was not a quiet birthday party.

The fireworks started when Ward Thoron, treasurer of the Merrimac Mfg. Co., called The Cotton-Textile Institute a "pest," said publication of the Institute's statistics frightened both buyers and sellers. Geo. A. Sloan, president of the Institute, replied that he would not be a party to any arrangement whereby the industry stuck its head in the sand, added that the industry suffered from a state of mind bordering closely on unintelligence and selfishness. Lobby conversation indicated general approval of the Institute's policies and activities, recognition of the need for whole-hearted support by the industry.

Night Work Debated

The question of elimination of night work for women and minors in textile mills came to the front when Eben E. Whitman, vice-president of the Wm. Whitman Co., stated that there should be no place for such a practice in our industrial system. He recommended that The Cotton-Textile Institute conduct a survey to determine how many manufacturers favor elimination of women and minors from the night shift and present, for signature, an agreement to this effect. Donald Comer, president of the Avondale Mills, Birmingham, Ala., endorsed Mr. Whitman's proposal with the statement that "we should join our friends in the best plans looking toward elimination of night work for women." Incidentally, Mr. Comer endorsed The Cotton-Textile Institute's recommendation of a uniform maximum work week of 55 hours on the day shift and 50 hours on the night shift as "the most forward step yet obtained by the textile group as a whole."

Plain Talk Approved

Henry P. Kendall, president of The Kendall Co., operating mills both North and South, repeated his proposal of last December to President Hoover calling for voluntary reduction of hours to a maximum of 50 for the day run and 50 for the night run, with maintenance of the weekly wage at this reduced schedule, and gradual elimination of women and minors from night work.

Net impressions of the meeting: approval of the plain talk heard in the convention hall; endorsement of a survey of the industry's attitude toward employment of women and minors on the night shift; a feeling that The Cotton-Textile Institute is progressing as rapidly with its program as the individual members of the industry will permit.

South Starts Curtailment

To those familiar with the industry's past attitude toward self-criticism, it is significant of substantial progress that the Boston meeting permitted such devastating criticism as that of Mr. Kendall, summed up in his statement that "the textile industry has been tried in the court of public opinion and found guilty of habitual disobedience of the laws of economics and common sense."

Repercussions from his viewpoint are already becoming evident, particularly in the South. This week the American Cotton Manufacturers Association, meeting at Pinehurst, N. C., is paying particular attention to the problem of relating production to current demand.

A number of the larger mills in the South have just adopted stringent measures to curtail stocks and will close down every other week for the next 3 months, at least. In Spartanburg County, S. C., 675,000 spindles—two-thirds of the total—are operating on this new schedule.

Official figures on the Southern print cloth and sheeting mills as a whole count 3,200,000 spindles and 38,000 looms inactive this week, with the idle list certain to grow in the weeks to come. Of the total volume of spindles taken out of production about 75% have been making print cloth yarns, the balance sheeting yarns. Several of the mills propose to close down entirely until July 19. It has been estimated that the curtailment now under way will take between 13 million and 14 million yards of print cloth and between 4 million and 5 million yards of sheeting from the market each week it continues.

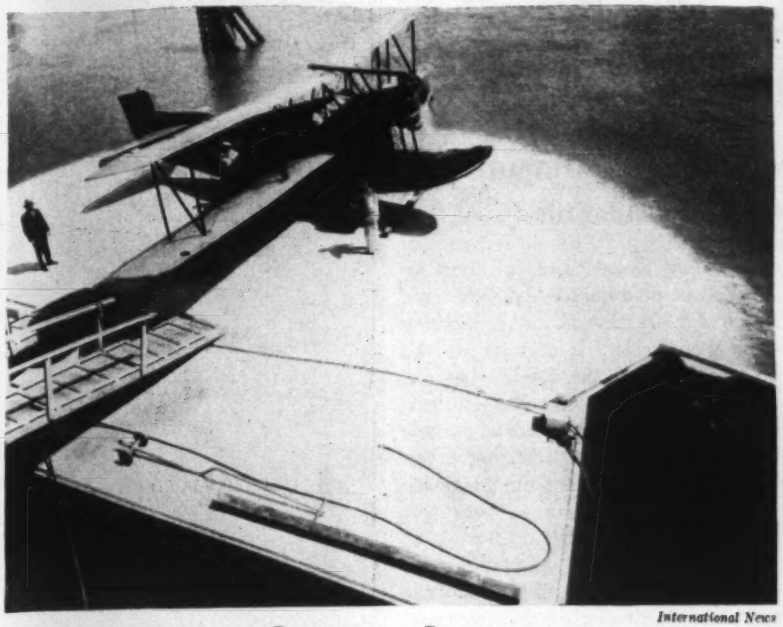
Layoffs Hit Labor

While this drastic action will be effective in curtailing stocks, it is apparent that mill managements have again neglected to consider the interests of their working force. It is one thing to ask for the cutting of the normal working day from 12 to 10 hours, as Mr. Kendall recommends; it is something quite different to be laid off periodically and receive no wages.

Underwood & Underwood

SHUTTING UP SHOP

John McKinlay, president of Marshall Field, turns the key in the door of the old wholesale house for the last time. With him are a group of employees who have served fifty years or more. They move to new quarters in the Merchandise Mart



International News

RIGHT ON THE BUTTON

Air ferry pilots on San Francisco Bay land their amphibians near these artificial floating islands 100 feet wide, drop their folding wheels, and crawl up the "beach" onto the "Button." Passengers step out, high and dry, and walk up a gangplank

Associations Ask Hearings Before Codes Are Changed

INDUSTRIAL groups operating under trade practice codes approved by the Federal Trade Commission and now, by a recent decision of the commission (*The Business Week*, April 30) to be revised into conformity with a more rigid interpretation of the anti-trust laws than the commission once demanded, are going to play ball. There won't be any protest over Washington's change of heart. This was made very clear at the Washington meeting on May 2 of executives and attorneys of trade associations which have held trade practice conferences under commission auspices.

Some of those at this meeting, called to find out what is going to happen to trade practice codes under the new dispensation, suggested that complaint might arouse suspicion that the associations were, in fact, interested in doing more than the law allows; others doubted the discretion of taking action that would be, in effect, a criticism of the Department of Justice, since the change in policy was known to have been made at the department's behest; still others, who thought they might be able to find legal grounds on which to defend code rules forbidding secret rebates, condemning sales below cost and permitting posting of prices, decided that this was not the time to debate the legality or illegality of trade practices in the twilight zone. If the Department of Justice says that some of their painfully evolved codes go further than the anti-trust laws allow in permitting or forbidding certain trade practices, that is going to be that —for the present, anyhow.

Want 30 Days' Notice

However, if the commission is going in for a wholesale revision of trade practice codes now in operation, they think they ought to have a chance to contribute their own ideas to the revision. So they have asked for a hearing before any rule is changed and for 30 days' advance notice of any such hearing. Whether they will get this is not at all certain. Chairman McCulloch of the Trade Commission thought that, in view of the large number of industries involved, hearings would be impractical. He suggested that the commission strike out the rules to which it can no longer subscribe and let the industry concerned in each case call another conference if it so desires. Commissioner Ferguson thought that joint hearings might be held.

The meeting made one more suggestion: that when a code ruling submitted to the commission is changed by the commission to a form unacceptable to the trade body, the latter should have the privilege of withdrawing it from the code altogether.

On the whole, it wasn't a very reassuring session for the trade association executives. Some of them left Washington with a suspicion that whatever the new policy does for law in business relations, it doesn't do much for order. Some hundred codes must be revised before the muddle is cleared up. As matters stand now, one industry is forbidden to do what the commission has accepted as reasonable and proper practice for another. Then, too, the status of new codes ready to be issued and of new conferences to be scheduled is very much up in the air. The suggestion has been made all new codes now in the commission's hands should be held up and all new conferences cancelled until the old codes are revised.

Innocent Goods Can't Be Sold for Guilty Uses

FEDERAL prohibition enforcement impinged upon the field of big business when suit was started against Corn Products and Fleischmann (*The Business Week*, Feb. 19) for selling the innocent ingredients from which the iniquitous booze may be made.

Now it strikes at smaller business. The Supreme Court holds that persons who sell barrels, bottles, corks, labels, cartons, are subject to punishment under the dry law. A whole crop of little retailers selling home brew equipment are concerned.

The thread of consistency runs through both cases. In the Corn Products-Fleischmann proceeding, the government bases its prosecution upon the allegation that the vendors had guilty knowledge of the uses to which their products were to be put. In the Supreme Court case, the governing factor is that persons are guilty who offer articles for sale in such a way as purposely to attract purchasers for illegal purposes.

The most significant words in the decision were, "The act should be liberally construed to the end of this suppression" (of the traffic in liquor).

Of possible application in cases outside the field of prohibition, is the pronouncement that the word "manufacture" need not be taken in the strictest sense, but "may be used in a looser way to express the whole process by which an article is made ready for sale on the open market."

Gas, Planning New Pipelines, Predicts a Long Life for Them

Sets 80-Year Limit on Present Natural Gas Output, But Coal and Oil May Extend Supply Indefinitely

LEADERS of the natural gas industry are in New Orleans this week pausing for breath before embarking further on the programs of expansion which are reshaping industrial development at many points. Their convention is under the auspices of the natural gas division of the American Gas Association. Expansion last year severely taxed engineering abilities and technicians are anxious to compare notes on what, to many of them, are entirely new problems.

Since 1927, more than 50 companies have been organized (total assets, $2,400,000,000) to carry natural gas to consumers. In three-fourths of the area of the United States, natural gas occupies a dominating position as fuel. In 6 states, it is the only form of gas used, and in 5 more it constitutes over 90% of all gas consumed. In Pennsylvania, the natural gas percentage is 60.

2 Million Million Feet

Production in this country for 1921 was 662,000 million cubic feet; in 1928, 1,567,877 million, and last year this figure jumped to 2,000,000 million. About 20% was distributed by public utilities for domestic and commercial use. The remainder was divided as follows: carbon black, 11%; field uses, 37%; electric power generation, 5%; refinery uses, 7%; miscellaneous industrial uses, 20%.

In 1921, decreasing production in the Pennsylvania and West Virginia fields led to the conclusion that natural gas had passed its peak. The country, as a whole, showed a decline of 137 billion cubic feet for that year. A subsequent increase in the production of oil, however, brought with it great quantities of natural gas, very little of which found real use, and that only within an easily reached economic area. Then came the demand for a halt in the overproduction of oil and for conservation of the attendant natural gas. California passed a law which made oil production contingent upon utilization of the gas as well, and, soon after, a daily waste of 850,000,000 cubic feet—equal to one-fifth the yearly energy output of all U. S. public utilities—was eliminated.

Everywhere the search for new natural gas markets and for the construction of pipe lines to them, received an impetus. A method for repressuring wells was developed; that is, gas was pumped back into the domes whence it came, accomplishing the two-fold purpose of increasing oil production through the added pressure and creating a vast underground storage for the gas itself.

Improved Pipe Helps

Long-distance transmission came with the development of steel pipe capable of standing up under gas pressures running up to 300 and 600 pounds per square inch. Manufacturing and field laying methods so improved that, in many cases, pipelines could be constructed for less money than electrical transmission lines of equivalent energy capacity. Corrosion of pipes was eliminated by new coating and wrapping processes.

For districts beyond the reach of economical pipeline distribution, several systems of gas liquefaction and delivery in containers ready for service were put in operation. Encouraging, also, to natural gas expansion has been the demand for reduction of the smoke and soot "nuisance."

Used Under Boilers

Industry is showing strong interest in the use of gas as a fuel under boilers to produce steam for power and processing. In California alone, a survey by *Power* shows, more than 400,000 horsepower is being produced with boilers fired by natural gas. Half a million horsepower is being produced by natural gas engines now in operation in the United States. Diesel manufacturers are converting their engines so that natural gas may be used. The chemical industry, according to its leaders, will demand a huge amount of gas as a raw material.

Authorities place the life of present natural gas supplies at 15 to 80 years according to locality. Answering the question, "What will become of the tremendous investment in pipelines if the supply fails or becomes inadequate to the increased demand?" *Power* says: "There need be no apprehension, for processes are even now in the making which assure an abundant gas supply generated both from oil at the wells and coal at the mines. No great stretch of the imagination is required to warrant the prediction that pipelines will transmit gas as long as they themselves exist."

Incidentally, *Power* has this significant comment to make on natural gas as a competitor with electricity: "The utilities are facing the fact that, to an increasing extent, it is costing more and more to bring electricity to the consumer and that, at present, the additional capital expense more than offsets the savings brought about through the benefits of interconnection and improved engineering technique. While signs point to the correction of this condition, and electricity for lighting will not be troubled, gas is plainly the strongest competitor electricity has to face in the battle for new business."

International News

BACK TO WORK

Ralph H. Booth, Michigan newspaper publisher, sails on the Leviathan to resume his duties as United States Minister to Denmark

Big Utility Companies Pave The Way for Bigger Mergers

BIG mergers are ahead in the utility field. Although the 5-billion-dollar group of systems skirting the Atlantic seaboard is probably no nearer actual consolidation than it was 6 months ago, the trend is increasingly evident and is the subject of widespread discussion in the industry. Among the large companies involved (Niagara-Hudson Commonwealth and Southern, Consolidated Gas of New York, United Gas Improvement, Columbia Gas and Electric, Public Service of New Jersey) tying-in of local properties, purchase of subsidiary stock, appointment of directors on the boards of allied companies—all indicate the way the wind is blowing. The banking groups behind the activity include Morgan, Bonbright, Carlisle, and National City.

Gas Plays Big Part

As showing what is taking place, the industry points to the inclusion in merger discussions of certain important gas properties such as those of the Columbia Gas and Electric system. The increasing importance of the gas industry, and its assured future, suggest that it may play a much more important part in this Eastern group than was indicated at an earlier stage.

The next step seems to be that each large system will tie in additional local properties. Niagara-Hudson Power Corp. has recently taken in Mohawk Hudson Power and is apparently acquiring additional stock of the Central Hudson Gas & Electric Co. It would seem logical that Consolidated Gas Company of New York would seek control of additional companies in the area, especially on Long Island. The same is true of United Gas Improvement Co., Public Service Corp. of New Jersey, and Commonwealth & Southern.

Gas for Metropolis?

The two outstanding physical aspects of the rumored drawing together of this group are the tying in electrically of Niagara-Hudson Power with the metropolitan system, Consolidated Gas Co. of New York, and the provision of an adequate natural gas supply to metropolitan users. This latter is suggested as foreshadowing a closer relationship between Public Service Corp. of New Jersey, United Gas Improvement, and Columbia Gas & Electric systems.

Niagara-Hudson is now the largest single system in the world, followed by the New York Edison group and the Commonwealth Edison of Chicago, very close together in output. These three huge companies lead the group of 137 that generated 88% of the electrical energy produced in 1929, a survey by *Electrical World* shows. Among the first 14 companies are 3 in California. Twenty-six systems are in the billion-kilowatt-hour class, and energy generated in their 548 plants is more than half the production of all public utility plants.

Homes Use 11%

Commercial wholesale service consumes the largest percentage of the electric energy production (62%), followed by commercial retail (14%). Only 11% of the total production was used in residential lighting.

Hydro plants are about three-fourths as numerous as fuel-burning plants, but are considerably smaller in average capacity-rating, except in the Mountain states. Hydro outranks fuel in total rating only in the East South Central, Mountain and Pacific states.

Pacific & Atlantic

SIGNING THE BOULDER DAM POWER CONTRACTS

Three men agreed to operate Boulder Dam for the government when they signed the papers in behalf of the City of Los Angeles, the Metropolitan Water District, and the Southern California Edison and affiliated power companies. Left to right, J. B. Miller, chairman of the board of Southern California Edison; Northcutt Ely, representing Secretary Wilbur; W. P. Shitsett, chairman of the board of the Water District; and Dr. John K. Haynes, president of the board of water commissioners of Los Angeles

Russian Low-Price Exports Rouse Fear Here and Abroad

EUROPEAN anxiety about Soviet low-price competition grows. Instances of exports of commodities which command a premium in Russia because of scarcity are reported more frequently. Rubber goods, textiles, sugar, dried fruits are mentioned along with grain. Petroleum and timber, plentiful in Russia, are also being exported in large quantities to secure foreign purchasing power for needed machinery. The Soviet war against the Swedish Match Trust in Belgian and other markets grows more intense.

In discussing the nature and purpose of this trade competition *The Business Week* (April 9, 1930) suggested that an embargo movement among the other countries would be likely, and was laughed at a little for the suggestion. It has been begun sooner than we expected, and by the United States. American anthracite producers, who have pooh-poohed imports of Russian coal, via Canada and otherwise, have now asked Treasury Department officials to consider the possibility of placing an embargo on such shipments, and it is being considered. This would be possible under the existing tariff law, if it were proven or assumed that such coal could be classed as the product of "forced" or "slave" labor, or if the imports could be construed as dumping—that is, brought in for sale at prices below foreign production costs or home price

Cost Comparisons Difficult

There is some doubt whether a case can be made out for action against the imports on either of these grounds, since comparisons of Russian and our mining labor conditions or costs of production would be a bit difficult and dangerous, in view of the inherent difference in the economic systems of the two countries.

Possibly because of doubts of this kind Pennsylvania representatives in Congress are planning to settle the question by introducing specific legislation to bar such imports, which might be done in the absence of commercial treaties or diplomatic relations with Russia.

European correspondents of *The Business Week* report another indication of European anxiety of the same kind, also forecast in *The Business Week* (April 9). A movement is afoot to oppose outside technical aid being given to industrialization of Russia. In Belgium such a movement is being organized under the auspices of the Société des Etudes Politiques Economiques et Sociales, an influential organization of employers, which is said to be negotiating toward that end with similar organizations in England, Germany, France, Poland, and Holland.

Mr. Whalen Discovers What Everyone Knew

GROVER WHALEN, New York City's highly decorative and extremely busy police commissioner, startled the nervous by announcing he had documents proving that, behind the screen of commerce, the Third Internationale was conducting propaganda in the United States. Congress showed immediate interest; invited Mr. Whalen to come down and tell all about it.

The State Department and the Commerce Department, while expressing no opinion publicly, are known to feel that Mr. Whalen is probably correct in his main conclusion, whatever the value of his documents. The Department of Commerce for some time has been increasingly discouraging toward American business men desiring to book Russian orders.

Mr. Whalen probably is approximately correct. Amtorg is probably like Arcos, that London's bobbies raided. The deft distinction, so clear to the semi-oriental Russian mind, between the Soviets, a government, and the Internationale, a lodge, or cult, or what you like, to which by mere coincidence virtually all Russian officials belong, is a bit puzzling to the obtuse Anglo-Saxon.

No observant man ought to be seriously in doubt that there is Communist propaganda carried on in this country, more or less directed from Moscow. The question then arises, what of it? If one is nervous about that sort of thing, the proper course is to shut up shop, and go Red-hunting. If one has some little faith in the stability of our social structure, the common-sense proceeding seems to be to sell the misguided fanatics all they are willing to pay for—business being what it is just now.

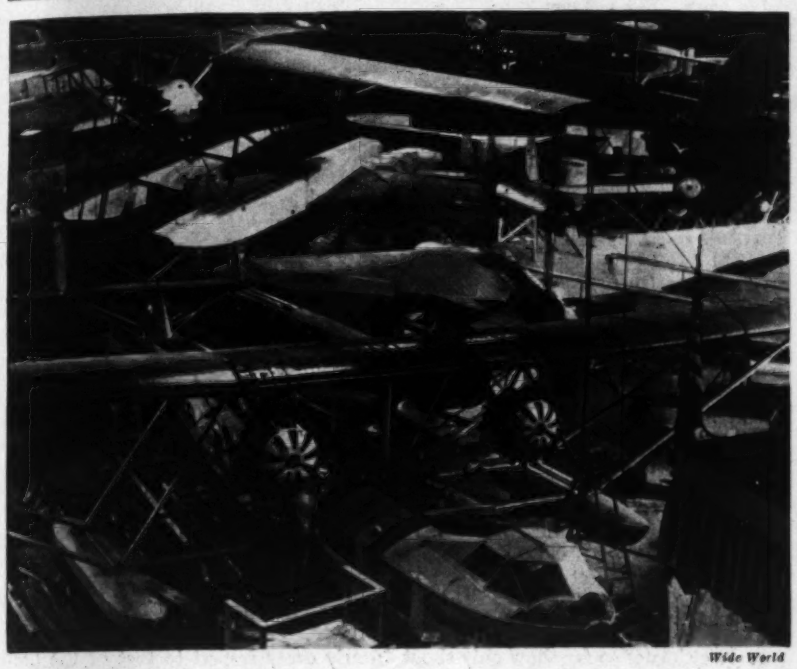
Shoe Chain Adds Links

MELVILLE SHOE CORP. has increased its New England interests by the purchase of Traveler Shoe Stores—44 in number—bringing the total of Melville establishments up to 501.

International News

MACHINES FOR THE FIVE YEAR PLAN

Russian soldiers watch the wheels go 'round in this American milling machine. The company which makes it exports 25% of its production to the Soviets



Wide World

AN AVIATOR'S AIR SHOW

The New York Aircraft Salon featured the airplane as a medium of transportation. Aeronautical curiosities and monstrosities were few. Six large transport craft, Fokker F-32, Ford Tri-Motor, Curtiss Condor, Sikorsky S-38, Commodore Flying Boat, and Savoia-Marchetti S-55 were on exhibition. Here, carpenters and mechanics are making final preparations before the opening

American Railroad May Pierce New Section of Peruvian Andes

GOLD is not all that glitters in Peru. Since the bold, romantic days when Sir Francis Drake pirated Pizarro's gold and silver cargoes, Peru has given forth new wealth—copper, oil, cotton, and sugar. Still undeveloped are vast regions east of the Andes waiting for railroads to tie them to Pacific seaports.

On April 30, one of the most recent ventures after Peruvian wealth was presumably closed, making possible the consummation of a long-contested concession to develop one-thirtieth the area of Peru. Americans are involved—and there will be mining concessions, oil developments, a 500-mile railroad, and rich farming areas to cultivate.

10 Million Acres Involved

About 7 years ago, Bertram T. Lee, an American business man living in Peru, asked the Lima government for a concession to develop a region in the North. The area involved, nearly 10 million acres, is located east of the Andes in the valleys of Amazon tributaries. Yurimaguas is probably its most important city.

For the opportunity to develop the region, Mr. Lee was to build a railroad from a Pacific port to be developed at Bayovar, near Paita, over the Andes to the Yurimaguas valley, a distance of about 500 miles. Included in the concession were the rights to explore for and exploit oil resources, to develop coal and other mineral claims believed to exist there, to use warehouses at the new port and enjoy tax and customs exemptions. The whole project was a part of President Leguia's plan to encourage foreign capital to develop Peru. That country has practically the same population as Texas, and three times the area.

When Mr. Lee failed to begin the railroad in the specified time, an extension was granted—finally several of them. The concession was cancelled by supreme decree in July, 1929. A controversy arose and President Leguia agreed to arbitration. The matter dragged out with nothing accomplished. Finally April 30 was set as the last date on which arbitration might begin. Word has come from Lima that Mr. Lee failed to appear or be represented.

Having failed to take advantage of arbitration, Mr. Lee's claim seems definitely and finally settled. President Leguia, ambitious for Peru's economic development, is now in a position to proceed promptly with his plans for the construction of the railroad. It is expected that he will shortly authorize W. R. Davis, of Boston, and his associates to proceed with the construction of the railroad across the Andes, and that he will give them valuable grants.

Americans Play Big Part

American business is interested. Peru's vast building program has called for large expenditures for United States materials, mechanical equipment, engineering brains. Since Henry Meiggs pierced the Andes at 15,665 feet with his Central Railroad of Peru, Charles W. Sutton has directed government expenditures of $8 millions in the North, largely on irrigation; the Frederick Snare Corporation is building the new port works at Callao; the Foundation Company and the Fred T. Ley Co. are doing big jobs in Lima.

The Peruvian Government wants to have the railroad constructed in sections, the first to run from Bayovar to the vicinity of the Andes through newly irrigated areas. With branches, it will total 150 miles. Other sections are planned to cross the Andes near the 6000-foot Porculla Pass and proceed down the Maranon River to Yurimaguas. These sections will tap rich agricultural areas on the long eastern slopes of the Andes, and mountain valleys containing ore deposits of silver, gold, copper, and vanadium. Branches will pierce the area where oil is believed to be available in commercially profitable quantities. The Standard Oil of Peru has been prospecting here for several years.

American Elevators Join Brazil's 2-Story City

A UNIQUE elevator installation has recently been made by Otis Elevator Co. at Bahia, Brazil, where the 2 parts of this two-story city have been connected by 2 high-speed, micro-levelling passenger elevators capable of handling 4,000 persons per hour.

In Bahia most shipping company offices, banks, and other commercial houses are located at the level of the harbor docks. Principal government buildings, shipping, and residential districts are on a small plateau about 195 ft. above the dock level.

U. S. Chamber and Farm Board Dig In for a Long Hard War

THE high spot in agricultural news of the past week was, of course, the attack on Farm Board policy by the United States Chamber of Commerce and the vigorous counter attack on United States Chamber policy by the Farm Board. Following the large scale offensive at the meeting itself, this battle has tapered off into occasional sniping and cross-fire from entrenchments where the two parties have settled down with apparently full determination to sit tight. The chamber has issued a supplementary declaration of policy saying that it has nothing against agriculture or farm relief as such but thinks something ought to be done to modify the present plans and policies, and proposes to hold some more conferences, make some more reports, resolutions, and referenda on the subject. In reply to this Mr. Legge issued another statement sufficiently unorthodox from a public official to quote in full:

Legge Prefers Open Enmity

"The Chamber of Commerce proposes to make the Farm Board impotent and would sponsor another national conference to adopt some more resolutions of sympathy for agriculture.

"That action simply confirms what we told the membership of that organization Wednesday—they are for something to help the farmer only until they find out it works.

"Naturally, we had hoped they would support our efforts to aid agriculture, but if they are going to oppose us we are glad they have come out in the open. It's much easier to deal with an enemy who is squarely against you than one who pretends to be friendly but fights you behind your back.

"Our client is the farmer and we are going to continue to serve him just as the Agricultural Marketing Act intended we should—for his benefit, not the benefit of someone else."

In the meantime the commodity markets were too busy with their own troubles to be much bothered by these quarrels. In sympathy with the slump in the stock market, both wheat and cotton were weak during most of the week. Cotton rallied toward the end of the week under the same kind of pressure by Farm Board for delivery on July contracts as it had exerted on May contracts. The Farm Board has apparently been supporting May wheat quite vigorously, but most of the speculative interest has been driven out of the market through uncertainty regarding Farm Board operations, which are carefully guarded, and May wheat has been able to hold barely above the dollar level. The Farm Board is apparently disposing of large quantities of May wheat to millers and export buyers, not hesitating to make favorable prices so as to unload as much as possible. Wheat exports have improved in consequence.

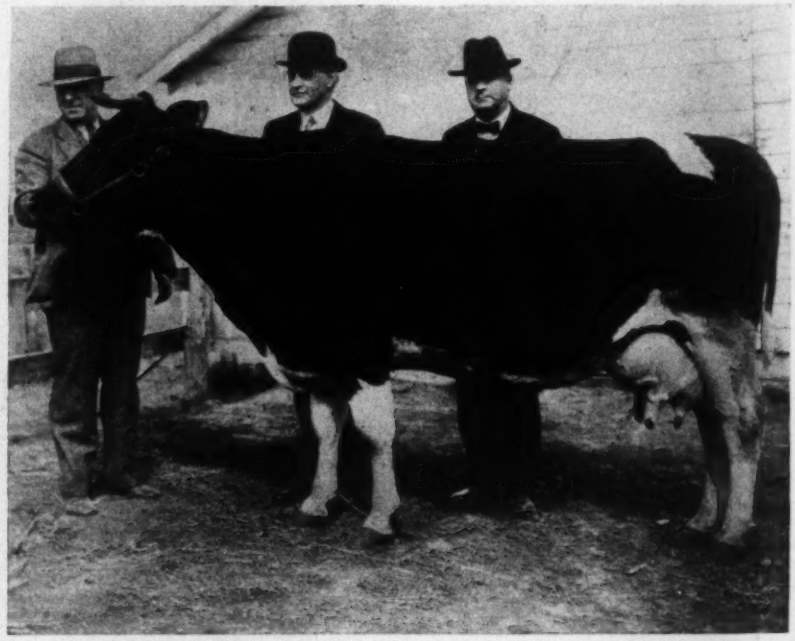
Small Reduction Forecast

Official May crop estimates are not yet out, but the private experts' estimates are only moderately hopeful of reduction. For winter wheat they average 543 million bushels as against a 1929 harvest of 578 millions. The spring wheat acreage estimates so far show only about 7% reduction. In cotton the best acreage estimates indicate reduction of less than 5%.

There is increasing uncertainty about the Farm Board's policy regarding loans to cooperatives during the remainder of this crop-year, ending June 30. Washington dispatches, not yet officially confirmed, say the Board is not making any more loans to cooperative associations during the remainder of this crop season under the line of credit extended them so far. The time for securing these loans expired April 30. It is doubtful if the board will call its outstanding loans between now and June 30 in order to increase its holdings in wheat. It may be obliged to extend some of these loans. The exact amount outstanding is not known but is probably not over $10 millions.

Big Crop of Cotton Bills

A large crop of bills are being considered in Congress for the benefit of cotton. The most important of these are the one prohibiting or drastically regulating future sales of cotton, and another intended to improve the quality of the cotton crop. The former is expected to die in due course, as it did last year. No vote is expected on the second this session, but it has become of great importance. Final reports on the 1929 cotton crop show that it was inferior in nearly every respect to that of the preceding year. The proportion of tenderable cotton was only slightly over 75% as compared with over 82% in 1928, and 20% of the crop was under $\frac{7}{8}$-inch staple as against 14.4% in 1928. The second bill mentioned above is designed to finance experiments and investigation in order to develop superior strains of cotton and to control other factors affecting the competition of domestic with foreign cotton—all of this much needed.



NINETY-DAY WONDER

During the first three months of 1930, Miss Jewel Ormsby Piebe turned out 556.16 pounds of butter, 82 pounds more than her Canadian rival, the present world's champion. She is owned by F. E. Murphy (center) Minneapolis publisher. With him is Governor Hammill of Iowa (right)

The First Problem of Sound Investing

It is not "how *shall* I invest my surplus funds?" but "how *should* I?". Every investor must answer this primary question for himself. He alone has the knowledge which enables him to correctly appraise his personal financial situation and outlook. If he decides that investment securities provide the best answer to his problem, his next step is to call on an investment organization qualified to supply his particular needs.

The National City Company, with important investment contacts in all of the world markets, has the broadest possible opportunity for investigation, analysis and selection of securities. The distributing organization of the Company thus is able to submit to investors a wide range of securities singled out from the world's choicest offerings.

* * *

If you have surplus funds awaiting investment or wish to have your present holdings reviewed, you will find helpful assistance at any of our offices.

The National City Company

NATIONAL CITY BANK BUILDING, NEW YORK

INVESTMENT SECURITIES

Offices in Principal Cities throughout the United States and Canada and in London, Amsterdam, Geneva, Tokio and Shanghai.

U. S. Gets $80 to $90 Millions of Young Plan 5½% Bonds

Secret Conferences Dispute Over Our Contention German Loan Should Be Secured by Collateral

By Special Cable to The Business Week

THIS is the way the $300 millions of reparations bonds, to be issued under the Young Plan, probably will be allotted for distribution to the public:

France and the United States, $80 millions to $90 millions each; England, $40 to $50 millions; Holland, $20 to $30 millions; Switzerland, $15 millions; Belgium, Italy, Germany, $10 millions each.

The rate of interest probably will be 5½%, with a small bonus; this in spite of the fact that the United States wants the bonds to bear 6%. The commission allowed to the banks in the various nations distributing the bonds will vary according to local conditions.

The principal matter of dispute in the secret conferences now going forward is the American demand, which the British support, that the German postal and railway revenues shall be pledged as security against the $100 millions of the loan that goes to Germany for internal improvements. There is a specific provision in the Young Plan that Germany hereafter shall be exempt from all special pledges. The United States contends, however, that the loan to Germany is a corollary but not an integral part of the Young Plan. Germans oppose this view, contending that the Hague agreements definitely contemplated this loan without requiring special security for it. Germany contends, moreover, that, since no distinction exists, or is contemplated, between the bonds, it is impossible to apply collateral to any one part of the issue.

The ambiguity of the wording of the Young Plan and the Hague agreements admits of differences in interpretation. This ambiguity was deliberate. At that time full agreement did not prevail. Loose language was adopted in order to achieve a document which all parties were ready to sign. Exact interpretation and practical application were left to be threshed out piecemeal.

Bonds Give France New Chance to Make Trouble

The proposed reparations bonds, almost certain to be issued in May or June, create a thorny problem in international finance. The trouble is France. Playing a wily game, France has complicated international finance ever since the stock market crash last autumn.

France has huge balances abroad—in England and the United States especially. They tend to aid inflation in whatever nation they are deposited. Whenever France chooses to call them home serious derangement results in the money markets of the nation from which they are called. Thus the funds are a continual menace to the gold reserves of the nations of deposit.

Last year large amounts of these funds were called home. France took big sums of gold from England, quite irrespective of the foreign exchange position. Some metal was shipped from the United States and other countries.

Now under the plan for issue of reparation bonds, France is chief beneficiary. Instead of the debt being owed by the German government to the allied governments—chiefly to France—sale of the bonds will make it a debt of the German government to individual investors throughout the world. The proceeds of the sale will enable France to get her money now instead of receiving annual payments from Germany over long years.

U. S. Cuts Its Quota

First plan was that United States investors were to take most of the $300,000,000 of bonds. Objection arose that such a large investment by citizens would prejudice our government in foreign affairs. So distribution is to be more general, France taking a larger share than she wanted.

From the sale of the $300,000,000 of bonds France will get more than $150 millions. Her holdings of foreign exchange will then be vastly increased, and she will be able to cause even greater trouble than now.

The United States has gold enough and to spare. But Britain, with none too large gold reserves and with the pound-franc rate already moving against London, is quite disturbed. Too, France already has the largest proportional supply of gold of any nation, and further concentration there would not tend to help solve the problem of shortage of gold supply—if there is one.

Loss of gold by any country tends to tighten interest rates. The commodity price level is affected. The decline of commodity prices during 1930 already has become a serious problem in many countries, adding to the business depression.

The Bank for International Settlements is designed to facilitate international transfer of funds. Perhaps the ingenuity of officials of the new bank—most of them governors and officers

Wide World

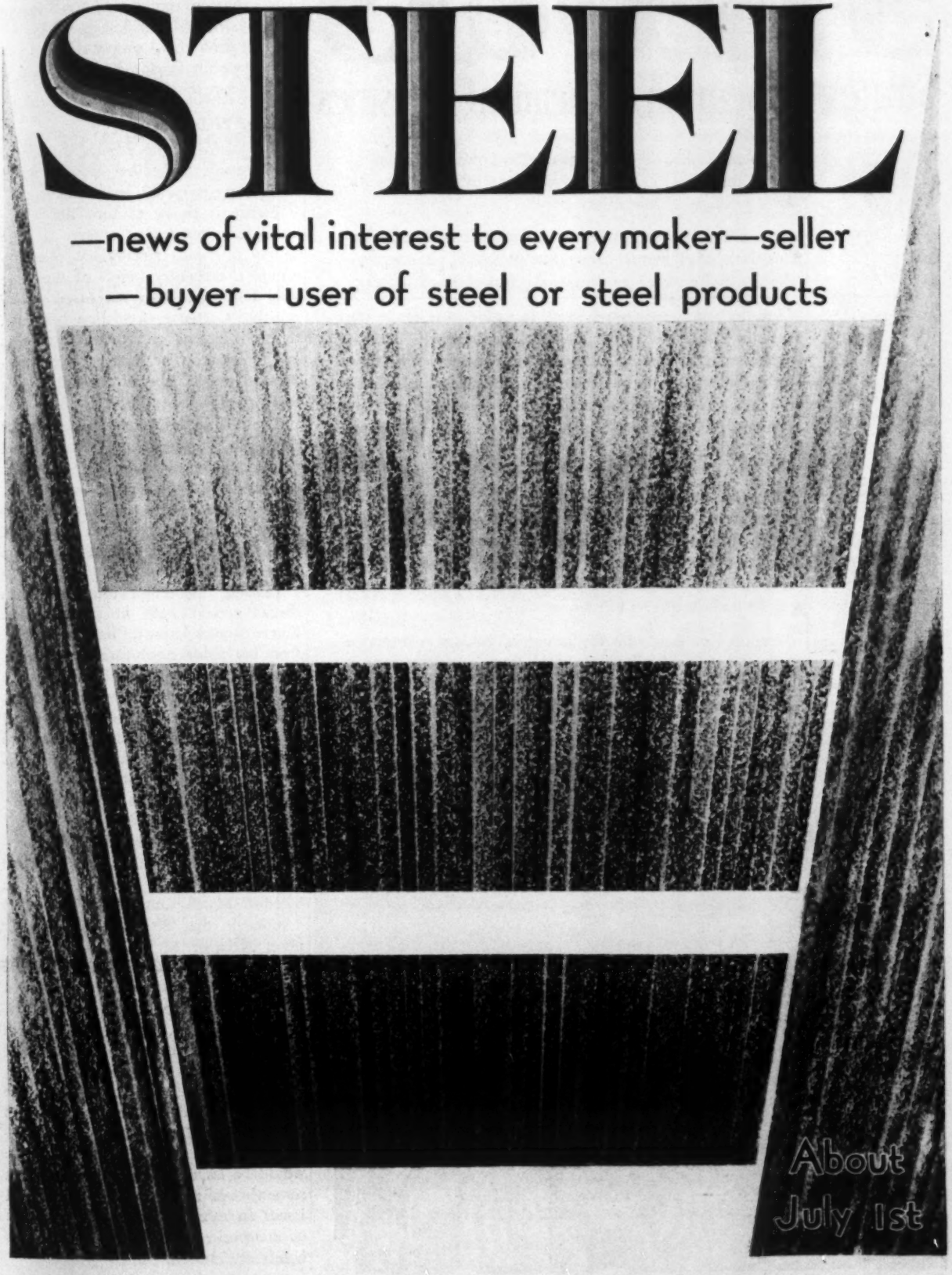
THE WORLD BANK BEGINS OPERATIONS

The first meeting of the board of the Bank for International Settlements at Basle. The American delegates, Gates W. McGarrah (chairman) and Leon G. Fraser (deputy-chairman) are fourth and fifth from the left, respectively

You May Look for News About

STEEL

—news of vital interest to every maker—seller
—buyer—user of steel or steel products



ST. LOUIS

Strategic Location *for* Chemical Industries

DO you realize the importance of St. Louis as a Chemical Center, and the unusual advantages it offers as a location for new chemical industries?

Here, already, are some of America's major sources of heavy chemicals; of pigments, paints, fine chemicals, pharmaceuticals and leather; and a rapidly growing iron and steel industry.

Close by are almost inexhaustible native treasures in the basic raw materials used in chemical manufacture. Here the manufacturer of Intermediates may locate next door to large-scale producers of his own material supply. Here are both the industries that can immediately furnish practically anything you need, and others that can use your finished products.

Everything in your Favor

Railroads, water-routes, markets, climate, fuel, power and water-supply all combine to advantage for the manufacturer in St. Louis. The largest coal-fields in the world are adjacent. All the endless varieties of coal-tar products may here be economically manufactured. High-grade by-product coke can be had cheaply and in any amount.

A hundred million cubic feet of natural gas is at your service daily. Cheap fuel oil is piped in from a nearby source. Low-priced and dependable electric power is available in any quantity. The labor market is ample and stable

St. Louis is the sixth manufacturing city. Its location is close to the center of the country and to the national center of population. 50,000,000 people are within a 500-mile radius. Transportation is ideal:—29 railway lines; cheap water routes; all-water shipments to foreign ports.

A most interesting engineer's report on the Chemical and Mineral Resources of the St. Louis District has just been issued by this Bureau. Executives are invited to write for it.

Address Dept. C-5, *The* INDUSTRIAL BUREAU *of the* INDUSTRIAL CLUB *of St. Louis*

of central banks of the world—will be equal to the occasion.

The French profess to desire the money to reduce indebtedness. But their debt-reduction commission has bulging coffers already. Besides, reduction of internal debt would simply release more money within France, which already is at the verge of inflation.

France Is Distrustful

The desire of the French, distrustful of Germany, to get her money "while the getting is good" seems the motive.

France is trying to turn the whole situation to her own advantage. A large supply of funds already has piled up within the country, result of the huge gold holdings. This has eased money greatly. Currency circulation has risen to high records and inflation appears not far away. The money can't profitably be invested abroad due to the high taxes on foreign securities.

The double desire to cure this danger and also to create an international money market is bringing numerous reforms. The movements to lower security taxation were discussed recently (*The Business Week*, April 30). These tax reductions since have been passed.

Lending the large total of funds abroad would help in several ways. France would derive a "banker income" from her holdings of foreign securities, and the development of Paris as an international financial center. Investments in foreign nations can be turned also to political advantage, and the Frenchman will forget his economics sooner than his politics. Such investments would result in a gold outflow, resulting in reduced currency circulation in France and avoidance of inflation. French repurchase of some $75,000,000 of its bonds from the Swedish Match Company at present is a move in that direction, and in turn gives Kreuger & Toll spare cash to buy reparation bonds, helping to assure success of the issue. The money then will come back to France anyway.

Meantime also, Germany is under a "gentleman's agreement" not to borrow abroad, much as she needs it. German bonds appearing in advance of the reparations bonds will hurt the chances of the latter, Tardieu told Germany—and extracted a promise that none would be issued. That has resulted in somewhat of a tying up of international issues in most of the money markets of the world until after the reparations bonds are cleared.

Washington Won't "Forbid The Banns" in R. C. A. Case

RADIO CORPORATION OF AMERICA stockholders met this week in New York and approved the organization's new set-up (*The Business Week*, April 23, 1930) without encountering the restraining order of the Department of Justice which, reports had it, was to be forthcoming.

At the same time, John Lord O'Brian, assistant to the Attorney-General, announced that no action on the merger would be taken now; that the department had been studying the charges that radio patent holdings violate the anti-trust laws. It is understood the attorney-general will investigate details of the new set-up and decide what, if any, action to take.

The question of monopoly of patents frequently has been investigated by the Department of Justice and has been the basis of a number of suits in the federal courts.

The courts have held, however, that under the Sherman anti-trust act, monopolies set up through patent right holdings are not illegal under certain conditions. This leads many to doubt whether action on the R. C. A. reorganization will be taken. Trusts, it is pointed out, are held illegal where they create monopolies in restraint of trade, lessen competition, fix prices, and engage in other practices against the best interests of general trade and industry. The contention of the "independent" radio manufacturers is, of course, that the R. C. A. patent rights are being exercised in a manner which results in restraint of trade (*The Business Week*, May 7, 1930). The Radio Protective Association issued a statement this week demanding "a Senate investigation of the announcement of the Department of Justice that it will not prosecute the radio trust at this time."

Great Atlantic & Pacific At Last Reaches Pacific

THE GREAT ATLANTIC & PACIFIC TEA COMPANY has finally justified its coast-to-coast name by opening 9 stores in and near Los Angeles. This is the chain's first entry into Pacific Coast territory.

A. & P., largest of all chains, was founded 70 years ago. From the first, the company planned to stretch its stores from one ocean to the other, but heretofore its retail outlets have not reached the Pacific, although it has been a heavy buyer of California products.

John A. Hartford, son of the founder and present head of the corporation, supervised the Los Angeles opening; announced that these new stores will be followed by others throughout the Pacific Coast and Rocky Mountain areas. Thirty additional sites have already been leased in Los Angeles. A. & P. now has about 1,500 stores; does an annual business in excess of $1,000,000,000.

Meanwhile another grocery chain has been born in Southern California with a former A. & P. executive in attendance. James Fitzsimmons, former vice-president and regional manager of Atlantic & Pacific, becomes general manager of the new Continental Chain Stores, formed by a merger of Daley's, Inc., operating in Los Angeles and Pasadena, San Diego Chain Stores, Ltd., and Sunshine Stores of Pasadena. The new chain has 215 units.

Japan's Government Fails To Control Silk Market

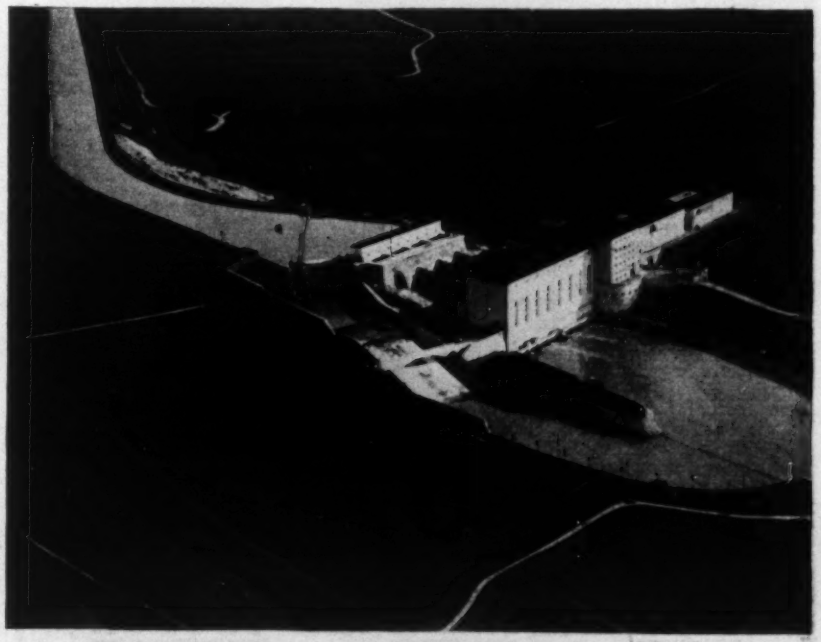
JAPANESE silk interests have decided that government "stabilization" is not so good. The government undertook to support the price of silk pending the marketing of the crop. America was to absorb the overproduction. Everything went through as planned except the American buying. As in every such instance, the buyers withdrew from the market.

Word comes from Japan that local reelers and commission men are now saying that their silk credit compensation scheme is working as a dam to hold back their products; that nothing but a complete price collapse will start goods moving. Exporters have gone short on the market.

Following the loss of faith in the governmental price maintenance scheme comes the next stage—"production must be curtailed." The following measures are proposed:

1. Reduce production to 60% (some call for 50%) of capacity for the rest of this year's crop months.
2. Mills to postpone starting reeling the new crop for half a month.
3. Commission men to refuse delivery of silk shipments from reelers at rates faster than those to be made part of the agreement. The third step would put teeth in the other two.

It is significant that these proposals look for control within the industry itself. According to present reports there has been a decided loss of faith in the government's ability to do anything effective to help sustain the market.



RECLAMATION—POWER—NAVIGATION

One of the four hydro stations on the Isar River, near Munich. This power house operates on a diversion canal, also used for navigation between Munich and Rhine-Main-Danube Canal, and is part of a plan which drains swamps to make electricity

ADDRESSING "ELLIOTT" MACHINES

NOW priced as low as $25 f.o.b. factory

NOT solemn little blackbirds in the snow, but happy white-clad children at a garden party!

This is a picture of WHAT? Can't tell at FIRST GLANCE can you?

It's a NEGATIVE. Everything is in REVERSE. Until a *positive print* has been made from it, the best you can do is GUESS what it's all about.

It was to eliminate this kind of guesswork from your MAILING-LIST FILES that the Elliott "TYPEWRITEABLE" System of Automatic Addressing was invented. Until then, anyone who wanted a mechanical addressing system had to use NEGATIVE address plates—unreadable until fastened into frames together with POSITIVE prints on extra slips of paper. Each mailing-list name thus called for *three separate parts*—difficult to assemble and apt to become confusingly separated.

ONLY "ELLIOTT" STENCILS can give you the important advantage of *perfect legibility at first glance.*

In addition, the Elliott System insures a *400% speed advantage* over former systems. "ELLIOTT" makes the only AUTOMATIC ENVELOPE-FEED Addresser sold at a popular price, within easy means of everyone. *It prints 125 different addresses per MINUTE!*

Proof of the superior desirability of the "ELLIOTT" System is significantly evidenced by the fact that a very large proportion of "ELLIOTT" sales are made to business concerns, banks, stores, lodges, churches, etc., that already own addressing machines of other make.

"ELLIOTT" one-piece all-fibre Address Cards are stencilled on a typewriter. Addresses are POSITIVE—always readable without addition of extra identifying parts.

CLIP and MAIL this COUPON

- ☐ FREE Catalog
- ☐ FREE Demonstration
- ☐ FREE Book about Direct-Mail Advertising

Check what is wanted at left, attach to your business letterhead, and address to the Elliott Addressing Machine Co., Cambridge, Mass., U. S. A. (or 84 St. Antoine St., Montreal, if you are in Canada).

Detroit Boosts Motor Plant Tax

DETROIT'S Board of Review has placed a valuation of $64,350,700 on the city's 7 principal automobile factories. This means that Lincoln, Cadillac, Packard, Hudson, Studebaker, Hupp, and Chrysler will pay taxes on $2,150,620 more valuation than last year.

Assessment figures for the Fisher Body Corporation and Briggs Manufacturing Company are to be decided sometime this week. Last year Fisher was assessed $19,500,000 and Briggs $2,000,000.

Sears, Roebuck has voluntarily agreed to a $563,000 increase in its assessed valuation of Detroit holdings, and property has jumped from $437,000 to $1,000,000 in the past year.

Assessment figures for the auto industries are as follows:

	1929	*1930*
Chrysler	$12,893,030	$12,443,030
Hudson	13,900,000	14,500,000
Cadillac	11,250,000	12,000,000
Packard	9,595,310	11,086,650
Lincoln	8,522,290	8,594,000
Hupp	4,834,450	4,977,020
Studebaker	1,250,000	750,000

The decrease in the Studebaker figure is due to the removal of the main plant of that institution to South Bend, Ind., and the deduction for Chrysler is due to the amalgamation of the Dodge and Chrysler corporations, the Dodge Corporation being within the city limits of Hamtramck.

Women Workers Get Half-holiday

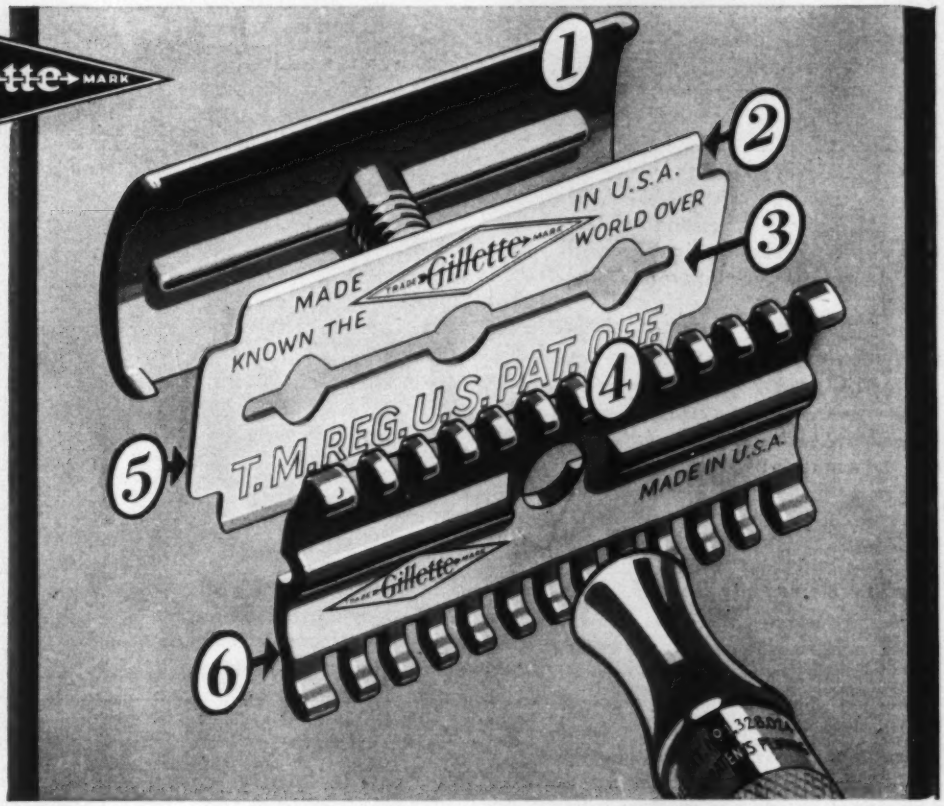
WOMEN workers in New York state's factories and mercantile establishments will have one-half holiday a week in addition to Sunday as a result of legislation signed this week by Governor Franklin D. Roosevelt amending the state's labor law.

Said New York merchants: Many stores will remain closed on Mondays until noon. Business lost in this usually dull period will be made up by having a full staff, rather than a depleted one, at work to handle luncheon shoppers adequately.

Staggering the hours of the force is not considered practical by the majority although the plan will be tried out in some stores. Abolition of women workers will almost certainly not come although, in many positions, men will be used to replace them.

6 Vital Improvements

...what a difference they make in your shave



1. *Reinforced corners*
2. *Cut-out corners*
3. *Rust-resisting blade*
4. *New shape guard teeth*
5. *Square blade ends*
6. *New guard channel*

NO WONDER millions of men have thrown away their old razors for this New Gillette. Its reinforced razor cap and cut-out blade corners abolish "razor pull." Its specially processed new blade resists rust. You merely shake it dry—no more tedious wiping—no more cut towels.

Then there are the new shape guard teeth, new guard channel, square blade ends—six reasons in all why the New Gillette gives you the fastest, smoothest, most comfortable shave you've ever had.

Here is your chance to have the greatest bargain in shaving comfort and convenience that $1.00 has ever bought: The New Gillette Razor, 24K. gold-plated, in a handsome case, and one New Gillette Blade. Additional new blades are priced the same as the old, one dollar for ten, fifty cents for five. Your dealer has both waiting for your call.

$1.00 *for ten and 50c for five*
The New Gillette Blades in the new green packet

The New Gillette Razor, 24K. gold plated, in a beautiful case, complete with New Gillette Blade . . . Price $1.00

Other De Luxe Models at $5.00 to $75.00

GILLETTE SAFETY RAZOR CO., BOSTON, U. S. A.

The New Gillette Shave

B. M. Baruch Wants Forum To Cure Overproduction Ills

Business Itself Must Work Out a Way, Or Government Will Step in, He Fears

"WHAT business needs is a common forum where problems requiring co-operation can be considered and acted upon with the constructive, non-political sanction of the government. It may have been sound public policy to forbid by law anything that looked to regulation of production when the world was in fear of famine, but it is public lunacy to decree unlimited operation of a system which periodically disgorges indigestible masses of unconsumable products."

In these words B. M. Baruch, before the Boston Chamber of Commerce, expressed his general agreement with the views presented by other business leaders in *The Business Week*, May 7, that the way out of the country's present industrial predicament is through the operation of a general advisory board for industry.

International

BERNARD M. BARUCH

Obvious Remedy Is Barred

Overproduction is the cause of many of our industrial ills, Mr. Baruch points out. The obvious remedy—restraint of production—has been made particularly difficult because of the long-time trend of governmental interference in business. This trend has not been due to government initiative so much as it has been the result of industry's failure to solve its own problems, making federal intervention necessary for the public safety. Mr. Baruch suggests, as B. C. Forbes recently charged outright, that recurrent unemployment and distress will be another field for governmental regulation unless industry finds a solution itself and quickly.

No Repressive Powers

Citing the example of what was accomplished by the War Industries Board, Mr. Baruch believes that some similar cooperative action of American industry would be equally productive of results. He is emphatic, however, that it must not be a governmental agency. He suggests a body which might rank with the Supreme Court in prestige and dignity; one in which the greatest business leaders would be glad to serve at the expense of their private interests. While this body should have no power to repress or coerce, Mr. Baruch believes "it should have the power to suggest and sanction such common sense co-operation among industrial units as will prevent our economic blessings from becoming unbearable burdens."

Broad Study Needed

"The whole range of our experience from this recent boom and slump should be placed under accurate examination with a view to broad determination of what can be done to achieve greater stability for the future both in prevention and remedy. If such an exhaustive examination meets with general approval, I shall, when the situation clears a little, move to organize a body—representative of business, economics, labor, and agriculture—to undertake it."

Banking discussions turned definitely toward branch banking, although the group plan had some able defenders. Trend of economic development necessitates a change from the unit form according to a number of prominent speakers, including Roy A. Young, governor of the Federal Reserve Board, and John W. Pole, comptroller of the currency.

Unemployment discussions left rather a feeling of individual responsibility than any definite means of solution.

International problems of tariffs, banking, and foreign trade stressed a broader tolerance for the other people's problems and points of view.

Hoover Plan to Study Slump Interests Chamber

AT home, reflecting on last week's discussions in Washington, members of the Chamber of Commerce of the United States are lingering over the suggestion from President Hoover that a National Business Survey commission be created to diagnose and suggest, but not to dictate, the future course of business.

The suggestion looks ahead, but it builds on past experience. It comes from the man who made perhaps his greatest contribution to government in organizing commerce statistics. It carries on the ideas evolved by the study of recent economic changes. It is in spirit with modern business progress based on research. Above all, it would provide a fact background for the prevention of unemployment, ubiquitous topic of almost every session of the Chamber.

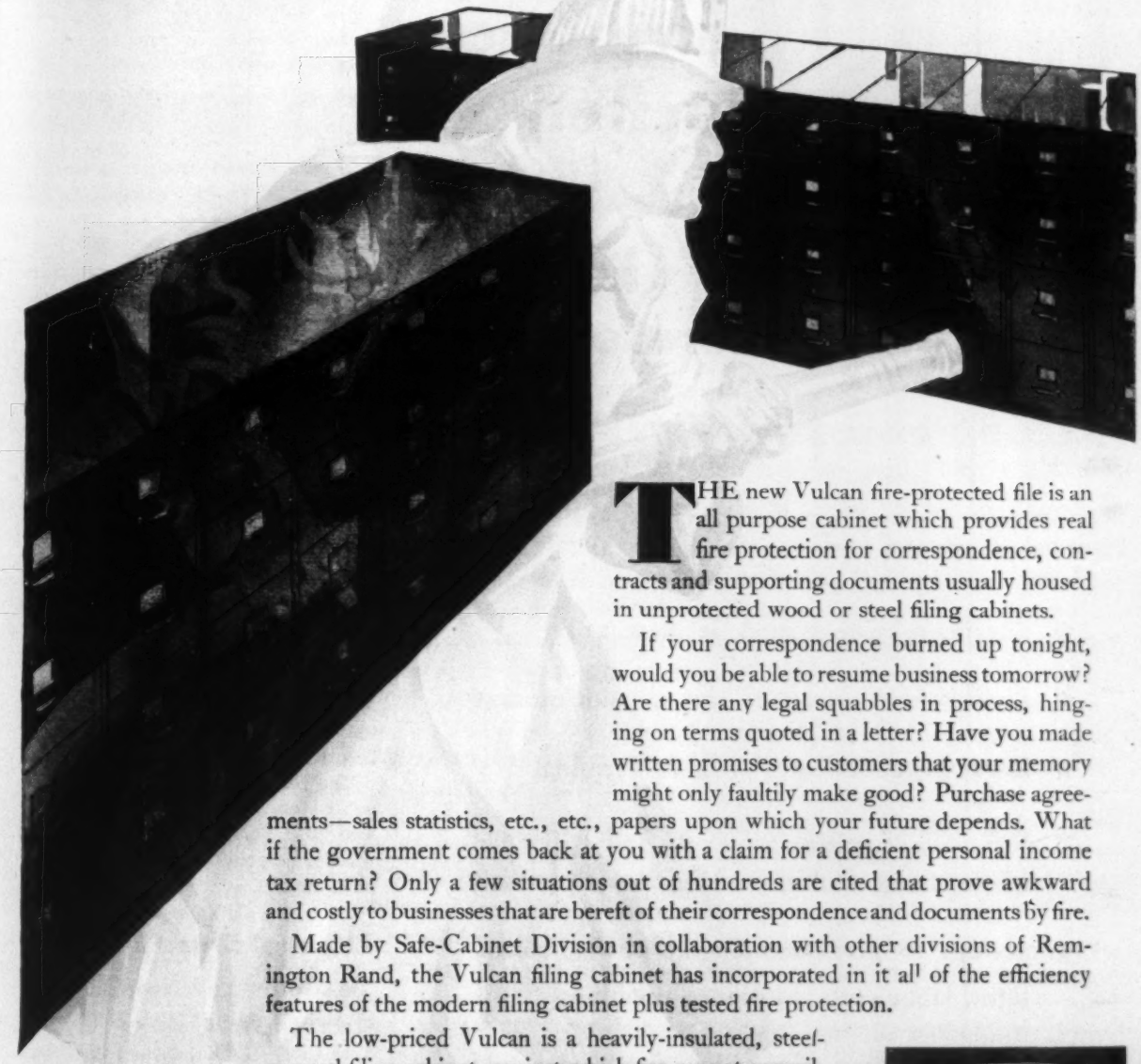
The President said: "The outstanding problem and the ideal of our economic system is to secure freedom of initiative and to preserve stability in the economic structure in order that the door of opportunity and equality of opportunity be open to all citizens; that every business man shall go about his affairs with confidence in the future; that it shall give assurance to our people of a job for everyone who wishes to work; that it shall, by steady improvement through research and invention, advance standards of living to the whole of our people.

Follow Distribution Cost Through to Consumer

A SURVEY of the knit underwear industry being made this month by the Associated Knit Underwear Manufacturers of America and the Domestic Commerce Division of the U. S. Department of Commerce will attempt, for the first time in any industry, to trace costs through every channel of distribution — manufacturers' agents, wholesalers, chain stores, group buying organizations, and retailers.

Roy A. Cheney, secretary of the manufacturers' association, and Constant Southworth of the Department of Commerce, will query manufacturers on new factors in distribution which must be taken into account.

••A FIRE PROTECTED FILE-PRICED FOR QUANTITY USE•••



THE new Vulcan fire-protected file is an all purpose cabinet which provides real fire protection for correspondence, contracts and supporting documents usually housed in unprotected wood or steel filing cabinets.

If your correspondence burned up tonight, would you be able to resume business tomorrow? Are there any legal squabbles in process, hinging on terms quoted in a letter? Have you made written promises to customers that your memory might only faultily make good? Purchase agreements—sales statistics, etc., etc., papers upon which your future depends. What if the government comes back at you with a claim for a deficient personal income tax return? Only a few situations out of hundreds are cited that prove awkward and costly to businesses that are bereft of their correspondence and documents by fire.

Made by Safe-Cabinet Division in collaboration with other divisions of Remington Rand, the Vulcan filing cabinet has incorporated in it all of the efficiency features of the modern filing cabinet plus tested fire protection.

The low-priced Vulcan is a heavily-insulated, steel-encased filing cabinet, against which fire cannot prevail. From the seething cauldron of a hundred flaming tests its guarded papers emerge unscathed—clean, white, legible—ready and able to carry on. The Vulcan costs hardly any more than the file that fails to protect. Any business that can afford a file can afford a Vulcan.

Write today for the dramatic literature that may prevent a tragedy.

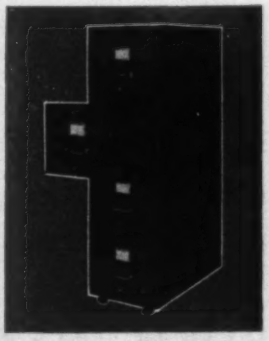
Safe Cabinet Division

Remington Rand

BUSINESS SERVICE

BUFFALO, NEW YORK

Sales Offices Everywhere



The Safe-File is the do hour model of the Vulcan file equipped with lock, casters and special hardware; especially designed for private offices where one or two protected files are sufficient.

REMINGTON *Typewriters and Accounting Machines*. . . LIBRARY BUREAU *Filing Systems and Indexing Service*. . . POWERS *Accounting Machines*. . . DALTON *Adding and Bookkeeping Machines*. . . SAFE-CABINET *Record Protection*. . . KALAMAZOO *and* BAKER-VAWTER *Loose Leaf Equipment*. . . RAND *and* KARDEX *Visible Records*.

In the New York metropolitan area

cut costs of distribution or of production

and

make your organization so much more effective

Hundreds of concerns operating in this rich New York market at a profit have reduced outgo and added to income as a result of advice given by the service experts of Bush Terminal Company. Ask us for facts and figures on

★ advantage of spot stock in New York

★ savings from waterside and rail-side storage

★ lower insurance rates at Bush Terminal

★ complete or partial service by Bush personnel in receiving and delivering your products

★ savings to manufacturers in power, steam, light, labor costs, insurance premiums

★ actual instances of new business gained, old accounts sweetened, friction removed

Tell us your special problems, your sales and production methods and your present status in New York, and we will tell you exactly how Bush can help you cut costs and raise profits.

BUSH DISTRIBUTION SERVICE

Attention Department M

100 Broad Street ★ New York, N. Y.

Wants to Stop Price Cutting

SAUNDERS NORVELL, president, Remington Arms Company, informs *The Business Week* his company and certain others will, within three or four months, either enter a test suit against some mail order house or file a complaint with the Federal Trade Commission in an effort to restrain it from listing trade-marked merchandise in its catalogue at cut prices.

Remington, according to Mr. Norvell, sells no products to mail order houses and has not done so for some time, but products, bought through intermediaries, are listed by name in the catalogues. Remington is no longer willing to have this continue.

Sports goods retailers in Chicago make a practice of meeting mail order prices listed in the big catalogues. Some even cut under them. Remington model 12C hammerless, 22-calibre rifle, recommended price to retailers, $22.85; is listed in the current Ward catalogue at $20.98, and sold in Loop stores for the same.

"Genuine Eastman Kodaks" are prominently featured in mail order catalogues "below regular prices." They, too, are bought indirectly, as they have been for years.

The battle to control retail prices is an old one. Few manufacturers have won it. Remington's test will be watched eagerly, but skeptically, by other makers.

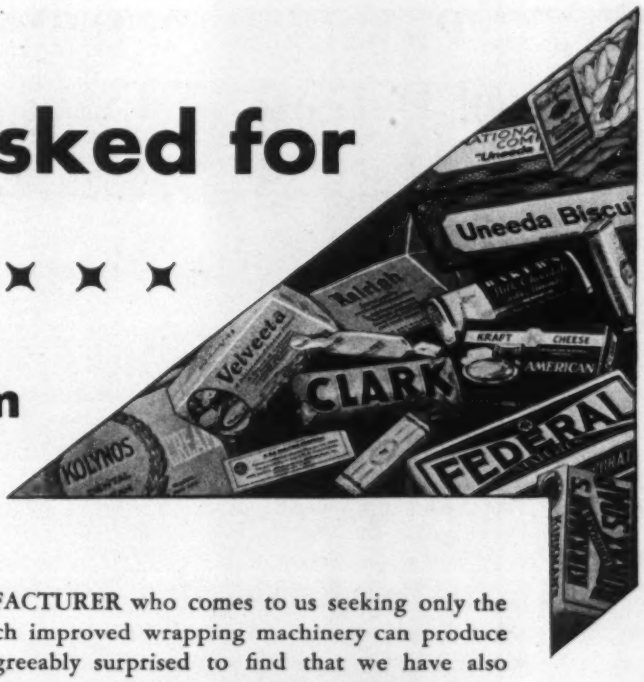
Electrical Group in Drive To Modernize New York

ELECTRICAL modernization of New York City's 27,000 factories, the annual value of whose manufactured products almost equals that of Chicago and Detroit combined, has been undertaken by the Electrical Association of New York.

Electrical contractors of the city are interviewing factory owners, surveying conditions in their plants, and presenting concrete plans for overcoming production deficiencies, eliminating waste, and saving costs. Engineers, loaned by the various groups cooperating in the plan, are working with the contractors. Newspaper advertising ($250,000 worth) is used to inform industrialists of the service available. Each advertisement carries a coupon which, when returned by a factory executive, entitles him to a free survey of his plants.

They only asked for lower costs

but we gave them something more



A MANUFACTURER who comes to us seeking only the lower costs which improved wrapping machinery can produce is sometimes agreeably surprised to find that we have also improved the *appearance* and sales-value of his package.

For example: Our high-speed toilet soap wrapping machine was designed to lower wrapping costs. It has twice the speed of any other machines—double the production with the same labor and floor space. But this machine also produces a definitely neater, smoother and more attractive package—a real sales aid in merchandising toilet soaps.

Up to a short time ago, irregular shaped candy bars had to be wrapped by hand. We invented a machine to do the work, not only making large savings over hand-wrapping, but also greatly improving the package. The machine seals the wrapper tight, whereas hand-wrapping leaves it unsealed and liable to work loose, presenting an untidy appearance.

Sometimes the greater efficiency of modern wrapping machinery will more than pay for the extra cost of using a more colorful wrapper—or for the addition of a transparent wrapper, which adds so much to the quality of a package.

Why not put our experience and ability to work for you to see what we can do to lower your costs or to improve your package? No matter what the character of your product may be, it will pay you to get in touch with our nearest office.

PACKAGE MACHINERY COMPANY
Springfield, Massachusetts
New York Los Angeles Chicago
London: Baker Perkins, Ltd.

PACKAGE MACHINERY COMPANY
Over 150 Million Packages per day are wrapped on our Machines

I. C. C. Picks Eastern Railroads To Lead Defense of Extra Fare

INVESTIGATION by the Interstate Commerce Commission of extra-fare practices on limited trains is to be resumed shortly with hearings in New York City in an attempt to determine whether, with the extra fares charged, the sum of intermediate fares is less than for a through trip—a violation of the Interstate Commerce Act.

The New York hearing is expected to bring out especially pertinent data since more extra fares are charged in eastern territory than elsewhere. Virtually all New York-Chicago trains carry a surplus charge. For this run, a basic time of 28 hours has been adhered to for 30 years, with an extra dollar charged for each hour's reduction from that time. This amount was later increased to $1.20. Thus, travel on the Twentieth Century, Broadway Limited, and other 20-hour trains costs $9.60 extra-fare. The 28-hour plan also applies on limited runs from New York to St. Louis, Cleveland, and Detroit.

While the I. C. C. has interested itself primarily in the situation in the trunk-line territory, other railroads charge certain extra fares. The New York, New Haven & Hartford makes such charges on 4 New York-Boston trains in each direction—the Yankee Clipper, the Merchants, the Knickerbocker, and the Senator (the latter a through Boston-Washington train in which the Pennsylvania participates in the extra-fare).

Other Crack Trains

Other such trains include the Crescent Limited, New York-New Orleans, over the Pennsylvania-Southern-West Point Route-Louisville & Nashville; the Overland Limited, Chicago-San Francisco, via the North Western-Union Pacific-Southern Pacific; the Cascade, San Francisco-Portland, on the Southern Pacific; the Chief, Chicago-Los Angeles, Santa Fe; the Panama Limited, Chicago-New Orleans, Illinois Central; the Erie Limited, New York-Chicago, via Erie; and a few other New York-Chicago trains by combination routes.

Total extra-fare collections for all New York Central Lines trains for 1928 amounted to $3,903,822, according to L. F. Vosburgh, vice-president—almost two-thirds of the $6,511,878 collected for all eastern railroads. The practice of refunding money for late trains is not a source of great loss to the carriers, it appears, for the New York Central only gave back $22,000 in a year because of late trains and $116,379 because of stop-overs. Other eastern roads refunded $68,000.

The old practice, whereby a passenger could "beat" the extra-fare by riding in a parlor car to Pittsburgh or Buffalo and taking a sleeper for the remainder of the journey has been largely overcome by the railroads. Every through passenger now pays extra fare.

The railroads assert that passengers prefer the extra-fare trains; that the added comfort, luxury, and service make them attractive, aside from the faster speed; that traffic on these trains increases more rapidly than on regular trains and no complaints are received as to the extra-fares.

ROLLERS FOR THE NORTH COAST LIMITED

On the Northern Pacific's new crack train, the axles are stationary and the wheels revolve about them on roller bearings. In case of accident to the rollers, the axles revolve in journal boxes as usual. Another type in which the axle revolves in a roller bearing journal box is also used on this road

The Pennsylvania Gives The West a Boat-Train

SHIP-SIDE train service became a reality in the Port of New York this week when the Pennsylvania Railroad, for the first time, ran a train from the West direct to a Brooklyn pier where passengers stepped directly aboard the waiting *Europa* (North German Lloyd).

Service will be confined to the eastbound trip of the steamship for the present. If an advertising campaign now under way west of Pittsburgh stressing convenience of the boat-train is reasonably successful, ship-side service to both incoming and outgoing vessels will be started, it is understood.

Finer and Faster Trains Race for Coast Traffic

COMPETITION for railway passenger business between Chicago and North Pacific Coast cities proceeds at a merry—and expensive—clip.

The latest move is an announcement by Charles Donnelly, president of the Northern Pacific, that on May 15 his line will put into operation a new and more luxurious edition of the North Coast Limited, for 30 years Northern Pacific's crack flyer to the Coast.

This means a fleet of 7 complete, all-Pullman trains, representing an investment of more than $4 millions. With railway revenues falling off as they have been so far this year in the Northwest, the move is more important than it would be in better times.

The new North Coast Limited is generally taken as an answer to the com-

peting Northern Pacific Empire Builder, put on a year ago. It will be a roller-bearing train embodying the "last words" in construction and equipment. Even carpets were specially designed.

A cut of one hour between Chicago and the west coast will be made early in June by the Great Northern, Northern Pacific, Union Pacific, and St. Paul roads. This will be the fourth time-cut within a year, and will make the running time between Chicago and Seattle and Portland nearly eight hours less than it was in May, 1929. A business day has been saved on each end of the run.

Wabash Snatches for The "Bone of Contention"

ACTION which may result in the fifth change in ownership of the Wheeling & Lake Erie in 3 years was taken this week when Wabash filed with the Interstate Commerce Commission a demand for authority to take it over. The road has been a bone of contention between powerful railroad interests in the Eastern territory bent on carrying out conflicting expansion plans.

Control changes: Acquired in 1927 by O. P. Van Sweringen from the Rockefeller interests after a battle with the Pittsburgh & West Virginia; resold almost immediately to three roads each sharing equally (Nickel Plate, New York Central, Baltimore & Ohio); sold again the same year to the Allegheny Corporation (Van Sweringen holding company) with B. & O. and N. Y. C. retiring; passed by Allegheny to Nickel Plate; transferred to E. R. Fancher, governor of the Federal Reserve Bank of Cleveland, who had been selected as trustee until it could be determined whether Nickel Plate would be violating the anti-trust laws by dominating it.

The I. C. C. plan allocates the road to an expanded Wabash structure.

New Liners Driven By Diesel Engines

DIESEL engines will be used to drive several ocean liners now under construction, it was announced this week. Vessels to be so equipped include the White Star's *Britannic,* the French liner *Lafayette,* the Rotterdam Lloyd's *Baloeran* and the Netherlands Royal Mail liner *Johan van Oldenbarnevelt.* Boats of this type are also building for Pacific Steam Navigation and Nippon Yusen Kaisha. The latter recently placed three Diesel liners in service, the *Asama Maru, Chichibu Maru* and *Tatsuta Maru,* each to do 21 knots.

"Bound to get there" REG. U. S. PAT. OFF.

Damage-proof. Pilfer-proof. Protected against shipping hazards with Acme Nailless Bands of tempered steel drawn tight and sealed with Acme Strapping Tools. . . . Regardless of what you ship, whether it is bundles of broom sticks, ordinary boxes and crates, 10 ton units of sheet steel, or carloads of fragile tile, Acme has the right tool and the proper size of steel band to provide maximum safety at lowest cost. Write for booklet "Shipping Economies" to Acme Steel Company, 2832 Archer Avenue, Chicago.

Branches in all Principal Cities.

22

1880 ACME STEEL COMPANY 1930

OUR GOLDEN ANNIVERSARY

WHERE TREES GROW TWICE AS FAST

—and there's more Profit in Paper

Steady forest depletion in other sections has turned the eyes of the paper and pulp industry to Georgia. For in this state are great reserves of forest, waiting to supply a need which soon will be urgent.

Searching for wood, the industry has found many things more in Georgia. Plentiful cheap clay for filler. Efficient labor—willing, adaptable, with the natural skill which is the Anglo-Saxon's heritage. Low taxes. Abundant and dependable power. Natural gas and cheap coal. Equable climate. Swift transportation by road, rail, water and air. These and many more factors are a big plus to the standing timber.

And that timber grows twice as fast. It requires only half the acreage to supply a perpetual source of pulpwood, and timber operations can be carried on throughout the year. Plants in Georgia can locate permanently and economically.

Paper is but one of the many industries to which Georgia brings great opportunity. We have made special surveys of Ceramics, Furniture, Rubber, Textiles and Full-fashioned Hosiery. We are rapidly completing others. And the information thus gathered is available to interested executives without charge or obligation.

If you are interested in better profits, write INDUSTRIAL DEPARTMENT, New York office, 20 Pine street, or home office, Electric building, Atlanta, Georgia.

GEORGIA POWER COMPANY

INDUSTRY PROSPERS IN GEORGIA

Hahn Chain Pays For Strong Links

LEW HAHN, of the Hahn Department Stores, Inc., with branches in 21 cities scattered from Boston to Seattle and Minneapolis to Tampa, tells when a chain is not a chain.

John B. Guernsey, in his recent book, "Retailing Tomorrow," puts the cost of executive personnel of a chain store doing $2 millions of sales at $19,800; that of a department store doing the same volume at $49,700. The Hahn stores are likely to approximate the department store figures, because, says Mr. Hahn, "we are operating department stores which are local institutions and not chain stores to be directed from New York. This extra investment is the cost of having the stores accurately attuned to the demands and desires of the communities in which they are such vital factors, and we expect our local management to justify the additional expense. For that kind of local management we must pay liberally.

To Supplement, Not Supplant

"Our central organization exists to supplement, not to supplant local management. It is proving itself a vast assistance to our local management, but the responsibility for operating results and for management decisions rests in the local store and not with the central organization."

This basic difference in point of view explains why Hahn Department Stores has not developed central buying and other systems commonly regarded as chain advantages. The plan, at present, is to have experts for each line in the central office. In this way one of the advantages of group buying is not fully attained: they cannot guarantee to the manufacturer that all the stores of the group will take the line even if they believe that it merits an exclusive contract.

Salesmen Still Call

For this reason, salesmen often continue to visit the local stores and "sell" their lines to each local buyer, even when the actual purchase contracts are made at headquarters.

Economy, to date, has been achieved in house-cleaning. Only 2% of the goods now on hand is over a year old. Total inventory of the group of 21 stores on January 1 was $6 million less than a year ago.

Wide Reading

WHAT SOCIAL STATISTICS TELL US ABOUT MARKETS. Paul T. Cherington. *Printers' Ink*, May 1. The number of incomes above $2000 has increased in 10 years from 1,800,000 to nearly 10,000,000. The new census will reveal as striking changes in many figures vital to the retailer.

WHAT THE CHINESE WANT IN ADVERTISING. Robert H. Powers. *Nation's Business*, May. Advertising manager of a Shanghai weekly summarizes Oriental peculiarities, invaluable to the manufacturer seeking market outlets.

THE TIMES AND THE TIMES AND THEIR TIMES. *Fortune*, May. Comparison of the two greatest newspapers of the world's two greatest cities; shows that while the *Times* of London may never net $7 millions in a single year, the *Times* of New York will never be granted a coat of arms.

AWKWARD IMPERIALISTS. Reinhold Niebuhr. *Atlantic*, May. Vigorous accusations against our blundering course as the world's economic leader. Challenge to the urban press for leadership.

STRUCTURAL GLASS. John Warren Teasdale. *American Architect*, May. Glass in a new role—for every part of the skyscraper.

THE SUN AND ALL HIS WORKS. George W. Gray. *World's Work*, May. Can the sun be made to work for us?

FOREIGN TRADE OF SOVIET RUSSIA IN 1928-1929. *Commerce Reports*, April 21. Statistics for Soviet trade with Germany, England, the United States, and France.

DEPARTMENT STORES. Boris Emmet. *American Mercury*, May. Ups and downs are now predominantly "downs." More distribution difficulties—some bad management.

THE FUTILITY OF FARM RELIEF. Joseph Stagg Lawrence. *Harper's*, May. What manner of man is the American farmer that we should resign supinely to the blight of state socialism for his benefit?

THE SMALL-TOWN DOCTOR TALKS. Freeman Tilden. *World's Work*, May. Frank discussion of the business of being a doctor: location, charges, professional ethics, collections.

THE REBIRTH OF DISARMED GERMANY. George McK. McClennan. *Current History*, May. Summary of economic accomplishment freed from military expense.

BOOKS

GEORGE EASTMAN. Carl W. Ackerman. Houghton, Mifflin, 522 pp., $5. Growth of a great business, development of photographic film, and benefactions of a captain of industry.

THE SOUTH AMERICAN HANDBOOK. H. Davies. H. W. Wilson Co., 746 pp., $1. South America in a nutshell for 1930 reference.

THE HISTORY OF ECONOMICS. Othmar Spann. Norton, 328 pp., $3.50. Discusses and criticises theories of various schools. Book has gone through 19 editions in German, is published in Great Britain under title: "Types of Economic Theory."

DICTIONARY OF BANKING TERMS IN THREE LANGUAGES. L. Herendi. Pitman, 536 pp., $6. English, German, and French of banking terminology.

REPORTS—SURVEYS

PREPARING SHIPMENTS TO CANADA. Department of Commerce, Trade Promotion Series, No. 91, 10 cents. Instructions for documentation and customs entry.

SODA FOUNTAIN AND ICE CREAM PROFITS. Bureau of Business Research, Boston University, 80 pp., 50 cents. Study, in cooperation with Massachusetts State Pharmaceutical Association and New England Association of Ice Cream Manufacturers. Data of cost analyses; summary of losses; recommendations for profits.

MONTHLY STANDARDS OF PERFORMANCE FOR DEPARTMENT STORES. Edgar H. Gault. University of Michigan, $1. Table of performance by months for 1928 and 1929 from 30 stores, giving the per cent of the month's sales to the total of the year, mark downs, selling salary and newspaper advertising percentages.

AMERICA LOOKS ABROAD. Paul M. Mazur. Viking, 299 pp., $3. Buy more abroad to make more dollar wealth for the purchase of American goods. Continued prosperity demands the cultivation of foreign markets.

FREE FILMS. Acme Motion Picture Projector Company, 64 page pamphlet, 25 cents. Thumbnail reviews of non-theatrical films available for free distribution.

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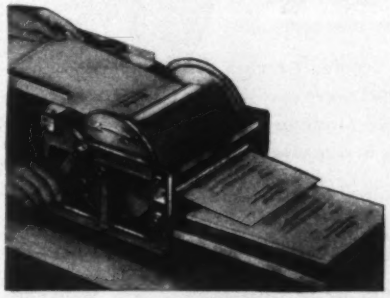

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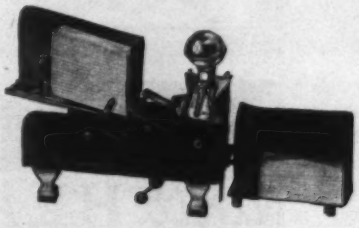

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Before
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Is steam fog one of your problems?
The two actual photographs taken at Youngstown Pressed Steel Company, Warren, Ohio, tell how Modine Unit Heaters overcome it.
Above, is the hot pickling vat for treating sheet metal before Modines were installed—visibility nil. Below, with Modines installed, practically all steam is dispersed.
In dairy plants, cleaning establishments, paper mills, as well as metal treating plants, Modines are equally successful.
In industrial plants large and small, the name Modine has come to stand for better, quicker, dependable, more economical heating as well as the desirable equipment for special applications. Modines suspended from the steamline, deliver heat down and keep it down where it is effective. Let us send you complete facts now.
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RACINE, WIS.
Branch offices in all large cities
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DIRECTED HEAT
UNDIRECTED HEAT MEANS WASTEFUL HEATING
Modine
Unit HEATER
A MODINE Product
© M. M. Co., 1930

Argentina May Raise Tariff

HARRIED exporters, scanning morning newspapers this week, discovered a new tariff threat. The Argentine Minister of Finance has appointed a committee of customs appraisers to draw up a new schedule of duties. It is only a preliminary move, may get nowhere, certainly will not come before Congress in the immediate future. But it is an important warning to United States exporters to the Argentine, and this group is not small.

Argentina, in 1929, absorbed 4% of all United States exports. Machinery and automobiles made up the bulk of this $210-million trade. Automobile exports in 1929 totaled 59,073, were valued at $39½ millions. United States exporters control 95% of the Argentine automobile market.

More Revenue Needed

Certain rumblings have been observed by shrewd forecasters of business weather. Collapse of the Caja de Conversion (*The Business Week*, January 8) was a bolt, the effects of which are still being felt. Still predominantly agricultural, the country has suffered from the price collapse of the principal commodities. Crops have been only fair and farm exports have fallen off. The government needs a new source of revenue.

From preliminary reports there is no intimation that there will be discrimination particularly against the United States. Our exporters dominate the market in the sales of tractors, threshing machines, electric motors, steel office furniture, typewriters, and calculating machines, as well as automobiles. But German and British merchants are as important in other fields. Germany, just having passed drastic protective agricultural tariffs and fearing Argentine reaction especially because of prohibitive duties on beef, dominates the field in small machinery; England controls the railroad supply market at Buenos Aires. French and Belgian business will also suffer.

The present Argentine tariff was enacted in 1906 and the duties are assessed on fixed valuations which bear little or no relation to today's prices. In 1916 there was a blanket increase of 60% for all duties. In general, imports which directly develop the country are still on the free list. This includes tractors, threshing machines, and a large part of heavy railroad equipment.

Canada's Swift Retort on Tariff Will Cost Us $200 Millions

General Election Called on the Issue of Whether Even This Is Severe Enough

CANADA'S concern over the new United States tariff bill is precipitating a general election in the Dominion.

For a year the American attitude toward Canada in trade matters has been a potent factor in Canadian politics. It was directly responsible for a move at Ottawa some months ago for the calling of a British Empire Economic Conference with a view to promoting trade within the empire. Canada's impulse to start the movement for this conference derived from the tariff hostility of the United States.

The bill now before Congress threatens Canada's trade with the United States to a considerable degree. Canadian public opinion demanded something more than an attempt to increase trade with the mother country. There has been a feeling throughout the Dominion that retaliatory action of some kind was necessary to protect Canada's interests.

Alters Whole Policy

In response to this public sentiment, the Mackenzie King government introduced in Parliament at Ottawa a budget radically altering its previous fiscal policy. Hitherto, this Liberal ministry had clung fairly closely to low-tariff principles—largely because much of its support came from the prairie provinces which are opposed to customs levies on the commodities they consume. But with the United States proposing to close its markets to $100 millions of Canadian products, the government felt obliged to take protective measures.

The budget of the Hon. Charles Dunning, finance minister, is designed to offset in two ways the high United States tariffs against Canada. In the first place, it increases to a considerable extent the Canadian general tariff on iron and steel products, which Canada has been purchasing from the United States to the amount of some $300 millions a year, and provides corresponding enlargements in the British preference tariff. The obvious purpose of this tariff revision is to transfer a large part of Canada's import trade in iron and steel products from the United States to Great Britain.

In the second place, the Dunning budget inaugurates in Canada the principle of so-called countervailing customs duties. Under this innovation, Canadian customs duties on a list of some sixteen commodities of general exchange between the two countries become the same as those imposed by the United States on imports from Canada. An example of the direct effect of these duties is that whereas under the new budget the general tariff on butter is 7 cents, it is 12 cents on butter importations from the United States, that being the American duty.

The countervailing duties attach to potatoes, soups and soup preparations, live stock, fresh meats, cured and pickled meats, butter, eggs, wheat, wheat flour, oats, oatmeal, rye, cut flowers, and cast-iron pipe.

Canada's purchases from the United States amount annually to $900 millions. Tariff experts in Canada have not been able to figure out the effect on this trade of the changes, both the increases in the general tariff and the application of the countervailing duties, but the press of the country has discussed a transfer to Great Britain of something like $200 millions. It is to be remembered that Canada sells to the United States only about $500 millions of goods.

International News

AN OLD CANADA CUSTOM

Captain James Jack, of the Donaldson Line, is the master of the first ship to enter the port of Quebec. In accordance with tradition, he receives a shiny plug hat and a gold-headed cane

Of deeper significance to the United States than any immediate effect of the Dunning budget on the trade between the two countries is the fact that Canadian resentment against the tariff machinations of Washington is so strong as to induce a traditionally low-tariff government to revise its fiscal policies.

Even the tariff preference concessions to Great Britain now before the Canadian parliament are not so much due to sentiment as to the domestic political situation in Canada.

Conservatives Not Satisfied

But developments at Ottawa suggest that even the measures adopted by the government of the day to offset the effect of the new American tariff may not be sufficient to satisfy Canadian public opinion. The Conservative party, traditionally the party of protection in Canadian politics, has challenged the Dunning budget largely on the ground that in the matter of the countervailing duties, it embodies a "Made in Washington" tariff policy for the Dominion.

Some years ago the Conservative party fought a general election on a platform of a "brick for brick" tariff against the United States and lost through the appeal of its opponents to the immediate interests of the consumers. It is now contended that the countervailing duties provision amounts to the same thing.

It is interesting to observe that the Conservative party, under the leadership of R. B. Bennett, an outstanding Canadian Imperialist, is appealing to the Canadian electorate on the ground that it is for Canada first and the British Empire second. It contends that tariff preference even with the mother country must be of mutual advantage, and that otherwise it is of little interest to the Dominion. "A dollar spent for British goods to replace Canadian goods is no better than a dollar spent in the United States," contends Mr. Bennett.

Mackenzie King, the Canadian Prime Minister, has accepted his opponent's challenge to electoral battle on the issue of whether the fiscal policy of his government, framed as an answer to the United States tariff revision, is sufficiently Canadian. Parliament is to be dissolved within a couple of weeks and the election will take place during the midsummer. The result may have an important effect on economic relations between the two countries.

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Australia's Minister of Trade Explains Emergency Tariff

Adverse Balance of Trade Became Unendurable In Face of Huge Maturing Loans, He Points Out

ONE of this week's visitors to Washington will view with interest our tariff toilers, but it is doubtful if he will be much impressed. He is the Hon. J. E. Fenton, Australian Minister for Trade and Customs, and he will administer a tariff as is a tariff—the stiffest known in modern times.

American manufacturers are profoundly concerned. Australia has been a good customer—the best overseas buyer of our automobiles. The Australian measure practically prohibits the importation of 80 commodities, imposes an addition of 50% on prevailing rates for others, including motor cars.

Mr. Fenton is returning home from the London Naval Conference to which he was a delegate. He is a powerfully built man. A white moustache brushed upward at the ends contrasts with the wholesome pinkness of his skin. His eyes are small, gray, and full of tolerance. Victory of the Labor Party in the last elections brought him into power.

International News

THE HONORABLE J. E. FENTON
The Australian Minister of Trade and Customs arrives on the Aquitania en route to Canberra via Washington and Canada

Dangerously Lopsided

Mr. Fenton declares that the tariff is an emergency measure made necessary by the serious financial problems of the Commonwealth. Sinking prices for wool and wheat left the country's trade balance in a dangerously lopsided state; loan liabilities of $500 millions mature during 1930 and must be met.

America, Mr. Fenton points out, has been selling Australia $150 millions worth of goods annually, while buying from Australia $55 millions. During the last seven years the Commonwealth has bought from England $300 millions more than she has sold there. Such unequal exchanges could not continue, and the drop in prices for wool and wheat made a drastic remedy necessary. Prohibitive tariff rates are the answer of the party now in power.

Makes No Forecasts

One cannot get Mr. Fenton to forecast the possible duration of these rates. They will remain while the emergency lasts. Press dispatches say from 12 to 18 months, but this estimate lacks official sanction. The opposing party attempted to force the administration to set a time for the return to the old rates, but this it refused to do, preferring a flexible arrangement.

Branch Plants Encouraged

Since the new tariff wall is too lofty for finished goods to scale, the only way for Americans to share in the Australian market is to establish plants there. Australia welcomes this use of capital and allows the companies to bring along such experts as are necessary to get production going. This is what the British are doing. As long as the commodities are produced in Australia by Australians, everything is all right. From inquiries received it appears that many American firms are interested.

The question remains: What if we put up a plant and start production, only to have the government revert to lower tariff rates which allow exports from home competitors? This Mr. Fenton does not answer, nor does anyone else.

While the Australian government is interested, over the long pull, in building up industries, this is secondary to the immediate object of reducing outside buying to restore the trade balance.

There may be an interim during which Australians will have to do without certain commodities.

One question that dogs the heels of the super-protection plan is that of profiteering. Won't the Australian manufacturers, secure from competition behind the battlements of the emergency tariff rates, hike their prices?

They'll Handle Profiteers

Mr. Fenton declares grimly that if profiteering begins the government will find ways to stop it. He points out that instead of increased prices, the result of the higher rates has been lower retail figures in some cases. (The manufacturers of agricultural implements pledged themselves to a 5% reduction in price as a reward for protection.)

The Labor government is making a special drive to improve the price and quality of wool, the country's chief export. An envoy is making the rounds of South Africa and New Zealand to see what concentrated price action can best be taken. At the same time Australia is promoting extensive research to improve quality.

Wool Off $35 a Bale

Out of total Australian exports of $705 millions in 1927-28, wool exports were $330 millions. For the fiscal year of 1929 the wool clip brought $150 millions less than the previous season. During the nine months ending April 11, greasy wool brought $35 a bale less than the year before.

As to the $500 millions maturing this year, Mr. Fenton says that the money was originally raised at home and that Australia can take care of it. Offerings already made have found ready buyers; outside help will not be needed.

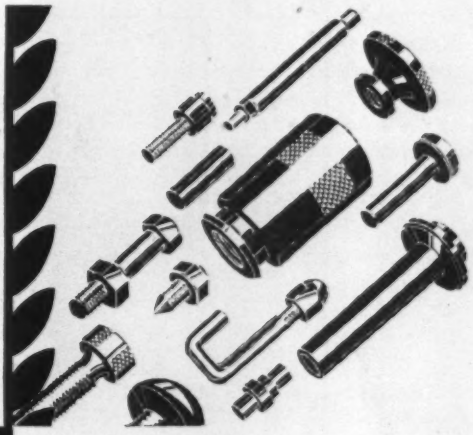
Income Tax Secrets Probed in Market Study

WHAT is the real buying power of the country? Where is it? Who has it? If we knew, could we not plan our production and distribution better?

Armed with a Presidential order opening the files, Commerce Department clerks, sworn to secrecy, are examining income tax returns, to see whether they are likely to shed light on these questions.

It is a sampling operation. If it promises great results, adequate appropriation for a complete survey will be asked. Business will want a continuing study if the tax returns yield valuable data for marketing analysis, the Commerce Department believes.

MIRROR FINISHES



This is the steel adopted by the automotive industry to replace many plated parts.

THAT *never peel* NOR *rust*

If that's what you want for your product, here are improved stainless steels that will give you what you want. For polished parts that must resist weather, you'd prefer a finish deeper than mere plating. And you'd doubtless use stainless steel, if you knew you could handle it without prohibitive costs . . . Carpenter specializes in stainless bar stock and stainless strip that handle with new ease and economy. Bar stock that machines, grinds, and polishes as easily as ordinary screw stock. And dead-soft stainless strip, in straight chrome irons and 18-8 chrome nickel grades, that can be economically blanked, drawn and formed into stampings. Surfaces so free from pits and imperfections that they take a high lustre finish with a minimum of polishing . . . And you can prove it. We'll gladly supply samples.

THE CARPENTER STEEL CO.
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Tool and Alloy Steels Exclusively

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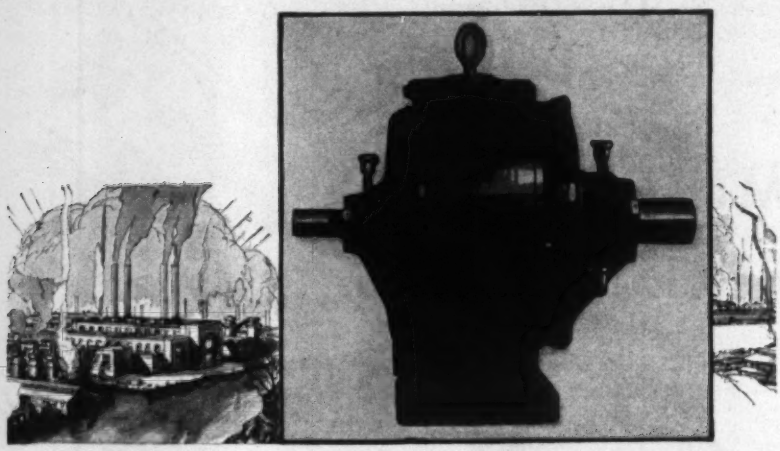

WHEN SMALL LEAKS GO UNNOTICED . . .

A TINY stream of water trickles through a crack in the dam. Day after day it goes unnoticed . . . while the break grows steadily larger. Then comes a sudden cloudburst—tons of extra weight against the dam—and through the break rushes a destructive torrent . . . crumbling the structure . . . causing serious damage and loss.

Small power leaks between motor and machine often go unnoticed for months. Unless discovered, they gradually become more serious. Multiplied by the number of machines in your plant, the total power loss means a heavy increase in operating cost.

A careful survey by our engineers will point out those hidden power leaks before serious loss occurs. We can furnish the proper type of Speed Reducer—Worm, Planetary or Herringbone—to handle each job with maximum efficiency.

Let us survey your plant and make our recommendations.

G&F Products:

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Cut Gears
Speed Reducers
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GEARS & FORGINGS INC.
SPEED REDUCERS

Bankers Watch Advertising

ABOUT once a year A. E. Bryson, Halsey, Stuart vice-president, a thinking student and practitioner of financial advertising, delivers an address on the subject. His 1930 spring presentation asks this question:

"Is advertising a bankable asset?"

His answer, summed up: "It is not generally so regarded, but it ought to be." Bankers are more influenced by advertising than they themselves realize, he adds.

Fox Notes Fare Well

More convincing than words was a demonstration made last week. Mr. Bryson's firm floated $55,000,000 Fox Film one year 6% notes, the largest offering ever made over the name of any one Chicago house. Fox has been publicly in financial difficulties for several months. Did the public, after all that has appeared in newspapers, refuse to buy? It did not. In the conservative language of Wall and LaSalle streets, the notes were "very well received."

By the very nature of its business, Fox has been a great advertiser. The Fox name and the Fox good-will has been so thoroughly implanted in the public mind that a few months of financial flurry make little impression.

People like to buy things they know about. Commenting on this point a shrewd investment trust manager remarks: "One of the things I have to watch out for constantly is the danger of becoming a protagonist of securities of companies that I know most about. It is human nature to favor acquaintances and friends, at least to give them the benefit of the doubt." Herein lies advertising's strength.

Classic Examples

How powerfully national advertising affects credit standing and financial administration of great corporations is most apparent in investment banking. Consider the sale of Dodge Brothers to the public via Dillon, Read; the market price of General Electric stock in relation to earnings; the cheapness with which American Telephone and Telegraph gets its capital; the price that the public would pay for the Ford Motor Company. The world's biggest advertiser is the world's biggest profit-maker—General Motors.

National advertising tends to cut interest rates a company must pay.

India Says Gandhist Rising Is an "Economic Revolt"

Sees Mahatma's Goal as Restoration of Country's Industrial Power, "Destroyed by British Rulers"

Pacific & Atlantic

MOHANDAS K. GANDHI

"INDIA is in revolt," say the newspaper headlines, and many of those watching from half a world away see only a new flare-up in the ancient conflict between "mystical" East and "materialist" West. But this revolt is different. Its leader, dramatized as a "mystic," leads as a business man, strange as it may seem; its motives are primarily economic; its consequences may be of tremendous economic significance to India, the British Empire, and the world.

Mahatma Gandhi, whose civil disobedience campaign began the trouble, has disappeared into a British military prison on a sedition charge. His followers say he will never be freed as long as he lives. They say also that his organization is complete, his principles clear, and that his work is finished. Surely he is a strange prophet. His sermons treat of supply and demand. The wilderness from which he seeks to lead his people is pauperism and low wages. He appeals to them as a messiah of trade and industry.

Mahatma Gandhi's representative in New York is S. N. Ghose, president of the American branch of the Indian National Congress. He has an office on Union Square, that accepted parade and debating ground of rebels against the old orders. From Mr. Ghose *The Business Week* obtained the following Gandhist picture of the economic causes and possibilities of the Indian revolt:

When England took over India the latter was one of the most highly industrialized countries of the world. India's gorgeous silk and cotton fabrics were beyond compare. (The cotton plant was brought into the U. S. from India.) British ships were built in India where teak and other hard woods were plentiful, where skilled metal workers could fashion anchors, chains, spikes.

India Has Gone Rural

But while the United States has progressed from a rural to an industrial country, India has gone the opposite direction. 85% of her people are now farmers. For 6 months of the year these people have no work. England placed a heavy tax on goods spun in India soon after she obtained control of the country. This drove skilled workers to the farm villages, forcing Indians to buy British goods.

It was this situation which led Gandhi into his crusade for home-spun and home-woven cloth.

He decided upon an industry that could be carried on in the village hut and thereby leave undisturbed the established home. Gandhi's organization gave away the spinning wheels. Yarn from these, the organization bought and sold. Also it gave home looms on which cloth could be woven. This process affords the idle farmer something to do without disturbing present modes of life. He can wear the cloth or sell it. If he can make 4 cents a day this way, that will double the present average earning of the Indian.

A statement out of Manchester estimates that the present agitation and spinning in India has cut Indian sales of English cloth in half. In 1920 there was no hand-spinning. Gandhi's program produced $330,000 worth of hand-woven cloth in 1924, and $2,800,000 worth last year.

Gandhi makes it clear that this scheme is a temporary expedient. He preaches the gospel of the efficient machine. Hear his own statement:

"I would favor the most elaborate machinery if thereby India's pauperism and resultant idleness could be avoided."

Would Raise Wage

By industrializing India, Gandhi hopes to raise the average wage from 4 cents to $1.08. Even a wage of 60 cents would add $70 billions to India's spending power, now $5 billions.

Pacific & Atlantic

INDIAN POLICE REPEL RIOTERS

Gandhi supporters outside a courtroom where salt law violators are being tried hurl stones at the native police who go into action with staves

English capital invested in India is about $7 billions. Nationalists claim that all this is profit taken from Indian enterprises—they say England puts no money into the country except a percentage of profits made there. During 1929, India bought $435,000,000 from England, or 27% of the British total. This was 42% of India's imports. Annual exports and imports average a billion dollars. Japan gets 18%, Germany 16%, the U. S. 13%. America's trade is increasing at the speediest rate, largely because of automobiles assembled in Canada and other points within the imperial fence.

Salt an Irritant

Salt is a British government monopoly. It is an irritant politically as well as physically. Some 600,000 tons are brought to India from England yearly because ships need it for ballast. The retail price is around 5 cents a pound. (In New York you can get 5 pounds for 10 cents.)

Coastal shipping is a practical monopoly of English companies. Its total freight business is $200,000,000 yearly. Indian companies have been driven out of competition, say the Gandhists, by the English practice of undercutting rates and even carrying passengers free.

It is charged by Mr. Ghose and his associates that the British insurance companies can take from India all their profits if they feel so inclined since there is no law, as in most countries, requiring that a percentage of the premiums be invested in the nation of origin. Another complaint is that the Imperial Bank which fixes the ratio of rupees to British money fixes a rate that enriches the English at the expense of Indians.

Loud and most prolonged is the outcry against the cost of British administration—"the high cost of slavery," the Gandhists call it. Indians charge that the military and civilians cost the country $720 millions annually in salaries, expenses, and pensions. Other large units of the Empire control the spending of revenue raised within their borders; India does not.

Government Pay High

Mr. Ghose makes some comparisons: The governor of New York, our richest state, gets $25,000 a year. The governor of Bombay province gets $45,000. President Hoover gets $75,000; the Indian Viceroy, $45,000; the British prime minister $25,000. There are Indians in the government but, say the Nationalists, it requires 84 taxpayers to meet the cost of the average Indian employee, while 224 taxpayers are required to pay a British employee.

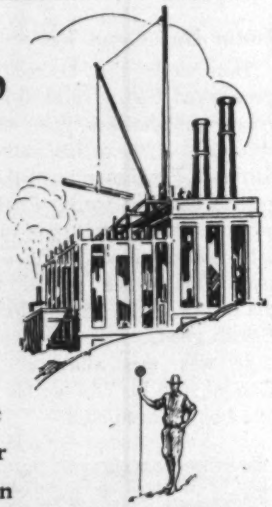
Indians charge that England takes $700 millions net out of their country every year. "And what does England spend there?" one asks. "Nothing," answers Mahatma Gandhi.

Two Sides to Story

This is the version of the economic facts in the case that has stirred Indians to revolt. There is, of course, another version, though England is not as positive about all of its premises as she used to be. But any Englishman will tell you that, Gandhi to the contrary, India is "jolly well off" under British rule, as compared with the situation she would find herself in if British soldiers and civil servants were withdrawn and the warring religious factions of the country were left to fight it out. And he will add that the existence of those factions accounts for a big slice of that high cost of administration that has won for him Mr. Gandhi's label of "profiteer." But there remain economic questions upon which he is less certain—far less certain than the Mahatma.

Incidentally, Americans must not assume that the country would be a happy hunting ground for our salesmen in case of independence. Mahatma Gandhi's plan calls for tariff walls, improved machinery, protection against outside labor. It is "India for the Indians." The period of promise for Americans would be during the building up of plant equipment—the period through which Russia is now passing.

Give Us a Rush Job



If you have a rush job, we can handle it for you. Barstow engineers are trained to meet emergencies—and to get results in the most economical way.

We will analyze your problem. We will draw plans that provide for your present and future needs, and then construct and equip your structure at minimum cost, and in the shortest possible time.

When W. S. Barstow & Company handles your project, you are assured of unity of appearance, practicability in plan, and economy in construction and operation.

Send for our twenty page booklet.

W. S. BARSTOW & COMPANY, INC.

Engineering—Design—Construction

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New York City

412 Washington St.
Reading, Pa.

Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

AN atmosphere of suspended business animation prevails while the financial stage is being set for the subscription of International Bank shares and subsequent Young Bond flotations. These probably will be marketed between now and the end of June. Coincident reduction of rediscount rates at Brussels, London, Paris, and New York is viewed as a significant outward expression of the new inward solidarity among central banks, and as an example of the already directive influence exercised by the International Bank. Financial preparations are occasioning some disturbance on money markets and exchanges. Paris, which will undertake to market the largest European quota, is becoming both the psychological and monetary center of operations. Reception of the bonds in France probably will strike the general keynote. Prospects at present are favorable, but business will breathe easier after the issue is safely marketed and conditions are normalized.

There is recent further concentration of nitrogen interests into separate natural and synthetic camps. A German nitrogen cartel was recently formed. An All-European cyanamide cartel has now been concluded, comprising 11 countries and representing annual production of 1¾ million tons, or 92% of world production. The cartel will govern export quotas and export prices. Since many participants such as the German Farbenindustrie, French Kuhlmann and Saint Gobain, Italian Montecatini, Czech Aussigerverein, and the Polish State Nitrogen Works produce other nitrogen products, this development is not improbably a step towards an eventual wider agreement. At the same time, plans are being formulated for a Paris meeting of interests involved in the basic reorganization of the Chilean saltpeter industry, whereby virtually the entire industry will be incorporated in a single company with 50% participation by the government, and production concentrated in the most economical deposits and costs lowered to an estimated $5 a ton.

Notable among new long distance airlines is the Paris-Bucharest service which opened this week. It is the longest line in Europe, is flown in 16 hours over 7 countries via Prague, Vienna, Budapest, and Belgrade. Berlin-Moscow-Shanghai service, the Zeppelin line from Berlin, via Seville, to South America, and mail plane line from Paris, via Dakar, to Rio will open in June. The Amsterdam-India-Java mail service will be inaugurated by the Dutch in October.

By Special Cable to The Business Week

Great Britain—The general tone of business is again depressed, notwithstanding the slight improvement of individual commodities. With exceedingly poor response to the week's Sao Paulo and local municipal loans, and with further issues pending, the Bank of England and London are really concerned over the possibility of a bad reception for the reparations bonds unless sentiment improves. Reduction of the bank rate to 3% was unexpected, the more so since sterling was at the gold point in terms of francs. This weakness was attributed partly to budget reactions and partly to foreign withdrawals of London balances preparatory to issue of reparation bonds. While the Bank of England is losing some gold to France, the Bank of France has requested the larger French banks to abstain from arbitrage.

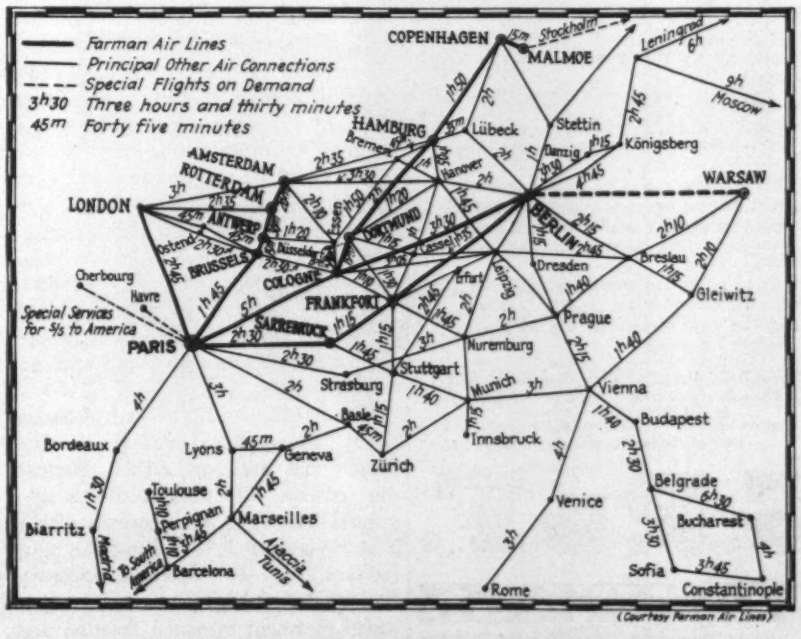
Textile disputes continue but the wool position is considered firmer and domestic trade in cotton fabrics is making better progress. Leather boots and shoes report better conditions. Coal, iron and steel are stagnant. The semi-official index of production volume for the first quarter shows a drop of 4.7% over the previous quarter, but an increase of 1.8% compared with a year ago. Estimates show that current activity in the heavy industries is decreasing, in others is stationary.

The statement by Sir Felix Pole, chairman of the Associated Electrical Industries, regarding the rôle American capital plays in British industry is considered in London to voice the general feeling of business men and ends the recent abortive attempts of tin and other interests to limit share ownership and directorship to Britons.

By Special Cable to The Business Week

France—Despite the fact that business indicators are favorable and that routine business shows no appreciable signs of a decline, the tone is without animation and with a certain, if intangible, element of depression. The lethargic tone is emphasized by persistent stock market apathy, notwithstanding both tax reductions and the new bank rate of 2½%, the lowest since 1898. The impending Young bond flotation and preparatory mobilization of funds is partly responsible for the suspension of other activities. *The Business Week* is advised that the Bank of France may even reduce the bank rate to 2%, a level touched only once in history, in 1877.

Business indicators for March show



(Courtesy Farman Air Lines)

EUROPE FLIES ON A FAST SCHEDULE

European air services expect tourist traffic to fill their planes during the summer—are offering this new fast schedule after May 15

Getting New or Improved Products to Market Ahead of Competition

Pressed steel body for automobile jack, produced by G. P. & F. at a 50% saving over cost of aluminum casting formerly used. Greater strength was also secured . . . chances of breakage eliminated.

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IN DESIGNING new products or improving present models G. P. & F. pressed metal engineers can assist you, as they have thousands of other manufacturers eager to get modernized products on the market ahead of competition. During fifty years of experimental work in pressed metal fabrication these specialists have accumulated a vast and varied experience in metal forming and stamping. A suggestion from them may not only cut down your designing time but also add materially to the appearance of your product.

G. P. & F. engineers can show you, as they have others, how to reduce rejections; increase strength, reduce breakage, speed up assembly and eliminate costly machining operations. The 19-acre G. P. & F. plant is equipped with ingenious equipment for the economical production of pressed and drawn products or parts in modern metals and finishes.

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Sales Representatives in Principal Cities in All Parts of the Country
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STAMPINGS

coal, iron and steel production increased over February and over figures for 1929. Current carloadings are slightly below 1929, but rail receipts are higher. March tax revenues remained identical with those of one year ago, notwithstanding substantial tax reductions since that time. The small decline in sales tax returns for the last two months may prove significant, but so far this is the only evidence which might substantiate statements that, while production may be carrying on out of its own momentum or individual favorable reasons, general consumption is contracting. That business may experience a lull would not be surprising, but no radical recession is seen at present.

Tourists will benefit by recent tax reductions. Hotels are reducing rates, steamship lines cutting port taxes. United States government representatives have arrived in Paris and begun conversations looking to negotiations to remove double taxation.

By Special Cable to The Business Week

Germany—Business is immediately interested in the possible move by the Reichsbank to follow the international trend in reduction of bank rates. The decision rests between conformity to specially created and somewhat artificial international conditions or disturbance of relative domestic values. The exceptionally strong position of the Reichsbank readily enables reduction if it is considered desirable. That business sentiment is somewhat more cheerful is reflected in a resistant stock market and an advancing bond market. Business is cheered by Farbenindustrie's declaring not only an unchanged 12% dividend but an additional 2% bonus. Formation of the European cyanamide cartel wherein Germany participates to the extent of 40%, and the announcement that Imperial Chemicals, in England, is about to join the Farbenindustrie-Standard Oil coal hydrogenation combine are both well received by business. Continued decline in the price of metal has forced the Mansfeld copper company to declare a shutdown or sharp wage cuts.

The Reichsbahn has moved to obtain nearly $60-million increase in fast freight and passenger tariffs. Because the railways will soon receive a substantial loan from the proceeds of the Young bonds, it is hoped that the tariff increase can be deferred, possibly avoided, since business is not yet adjusted to recent increased taxation and import duties. Frozen meat importers are claiming damages from the Reich on the grounds that measures which will virtually prohibit imports after July 1 violate the federal promise made in 1923 that imports will be unprohibited until 1933. On the basis of this promise, importers have invested large sums in refrigerator ships and railway cars with amortization not planned in less than 10 years.

By Special Cable to The Business Week

Holland—Both sentiment and recent abnormally low money rates have stiffened. There has been ready absorption of an increasing number of German and Belgian issues. More are expected to follow after the absorption of the Young bonds. Annual reports, while reflecting depressed overseas trade and reduced profits in colonial companies, at the same time show remarkable strength of growing Dutch industries. Textiles, shipbuilding, glass, steel, wire cables, electric lamps, radio, paper, and chemicals show up particularly well, with carefully maintained or increased profits, notwithstanding an unprotected home market and abnormal conditions in Europe. Philips, in particular, shows expansion in all branches, but especially in radio. With a total of 39,000 employees, of which 20,000 are in Holland, it is now the country's biggest industry. Krupp-Essen is establishing a Dutch subsidiary to import ores.

By Special Cable to The Business Week

Italy—Following Mussolini's recent announcement that the government will take measures towards systematic reduction of the public debt, the business tone has improved noticeably. The government has announced that tobacco taxes are to be increased 10% to 25%, depending on the grade. This should yield an additional annual revenue of $25 millions, which will permit amortization of the funded debt for 50 years. Treasury bonds to the value of $8½ millions, maturing between 1931 and 1934, probably will be met with proceeds from commercialized reparations. The Italian $2½-million quota of the Sao Paulo realization loan was immediately subscribed. This is among the first foreign issues since government restrictions were relaxed. Officials of the Milan International Fair, closed recently, report results quite favorable, considering prevailing world conditions.

Reactions of Italian-Americans to the recent announcement that foregin citizens born of Italian parents will be no longer subject to compulsory military service if they visit Italy, lead business men in the two countries to anticipate more intimate personal contacts. Likewise there is interest in the modification

"Advertising" . . . says FRANCIS H. SISSON

"is perhaps the Greatest Agency of Natural Selection in the Business World" . . .

FRANCIS H. SISSON
Vice President of the Guaranty Trust Company of New York

"It accelerates the process whereby the world's productive activity is becoming centralized in the hands of those who are best equipped to carry it on."

IN this statement Mr. Sisson points out with admirable clarity the rôle of advertising in the modern economic process.

Production facilities today are wonderfully efficient, but adequate and suitable markets are needed before the most effective organization of production can be achieved.

It is the function of good advertising service to locate and develop these necessary markets on the scale which modern industry requires, and with a selectivity which keeps costs at a minimum.

Many manufacturers, through the use of such services, maintain an active demand for their products —and keep in a position to profit by the economies of large-scale production and concentrated control.

In the cultivation of markets essential to this achievement, the J. Walter Thompson Company has successfully served many of the leading enterprises of this country, helping to work out practical market strategy based upon accurate research and wide advertising experience.

Two folders, entitled "Selling at Home" and "Selling Abroad," have been prepared briefly to show the scope of the services of the J. Walter Thompson Company.

Either or both of these folders will be sent to executives interested. Please write directly to the New York Office and copies will be forwarded at once.

Electricity now reaches more than 19,700,000 American homes. New conditions which electric power develops in the home have a marked influence even on the market for articles seemingly as remote as soap and textiles.

Study of such influences, on which sound market strategy is based, enables the J. Walter Thompson Company to prepare advertising which strengthens the position of its clients in their many markets.

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Growth of a public utility depends on its success in serving the public » » » » »

STONE & WEBSTER SERVICE CORPORATION

of the inheritance tax whereby previous tax exemption of direct descendants is now limited to descendants of families with two or more children. The straw hat manufacturers, 75% of whose production is exported to the United States, are protesting the 150% increase in the United States tariff.

LATIN AMERICA

A tariff cloud is visible on the South American horizon and is causing business not a little worried speculation. The Argentine finance minister has appointed a committee of customs appraisers to draw up a new tariff. The free list is likely to be narrowed; present duties on many items increased. Last year the United States exported to the Argentine products valued at $210,288,000, most of them machine manufactures. Immediate action is not anticipated.

Bolivia has increased tariffs on alcoholic liquors, precious stones, perfumes, jewelry, and furniture.

Despite the optimism of first reports, word has come to *The Business Week* that the portion of the Sao Paulo loan offered on the London market has been going slowly, since the first day's subscriptions. Sales in other markets have been better, but a lack of real enthusiasm is evident, may delay flotation of some pending issues. Argentine offerings may find a more receptive market.

La Prensa reports that the Colombian Treasury has received financial advances from the Andian National Corporation (Canadian) and from Tropical Oil to relieve present temporary stringency.

Definite settlement of the 2-cent tariff on sugar has brought a certain stability to Cuban sugar markets. Reaction in Havana is favorable.

Argentina—World financial markets confidently expect a large—perhaps $100 millions—long-term loan to be floated soon. Recent financing is inadequate to cover governmental needs.

The new Congress, convened May 1, has before it important oil legislation. Tariff problems are still in the hands of a special commission.

Chile—Budget surpluses under the Kemmerer scheme have been so regular, the government has decided to reduce the 1930 annual budget by $4,800,000. With a part of the accumulated surplus the government will offer credit facilities to agriculturists against products held in warehouses. This will permit farmers to hold certain products until prices have recovered.

What the Figures Show

THE business situation around the beginning of May is discouragingly static. There is practically no evidence of any upward trend and the prospects of any speedy improvement are poor. Basic industrial activity tends to decline along with general trade and commodity prices.

The Business Week's preliminary index of general business activity for the week ending May 3 stands at 94% of normal, unchanged from the revised index of 94% for the preceding week. The index for the corresponding week last year was 108.6%.

Steel Declines Further

Steel mill activity showed a further slight decline, the average falling from nearly 78% in the previous week to slightly below 77%. The Steel Corporation continues at about 80%, but independents have slowed down to 73% as compared with 75% a week ago. This downturn is usual at the beginning of May and normally continues to the middle of July. The prospects now are increasingly uncertain. Demand is more irregular and buying cautious, and prices show increasingly disturbing weakness. Pipe, farm implement, tin plate, and miscellaneous light steel demand continue fairly good, but automotive lines, structural steel, and railroad requirements are weaker. Structural steel awards for the latest week were 27,000 tons, considerably below the average so far. From a long-range view, however, steel is not doing badly. *The Business Week's* index, with allowance for seasonal factors and year to year growth, is slightly above normal. April ingot production, though, as usual, at a considerably smaller rate than in March or February, was largest for any April excepting 1928 and 1929. The April rate of pig iron production, however, though largest so far this year was the smallest for the month since 1922.

Automobile Production Fair

April automobile production is estimated at around 460,000, considered a fair showing in view of the general situation.

April freight car buying shows a marked decline to below 2,000 units compared with 6,000 in March and over 8,000 last April—doubtless a reflection of sharp curtailment in railroad earnings.

Building activity continues disappointingly weak. Our index is over 15% below normal, and the daily average of general building contract awards, with figures for the last few days in April and the first few in May not yet available, is running 27% below last year. The Dodge figures for April were 5% higher than for March but nearly 25% below 1929. April is usually among the peak months in contract letting, but this April was lowest in the last 5 years. It is especially significant that heavy construction contracts are not holding up as well as expected. The actual awards for the week ended May 8, according to *Engineering News-Record* figures, are somewhat higher than in the preceding week but about 35% below last year. The daily average on a four-weeks basis is now lowest since the middle of March. April heavy construction awards were 14% below March although 6% above last April. For the first four months of this year heavy construction was 19% below 1929, and while public work made an 18% gain, private construction of this class declined 32%.

THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	*Latest Week*	*Preceding Week*	*Year Ago*
	*94.0	‡94.0	108.6
Production			
Steel Mill Operation (% capacity)	77	78	97
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	x	$18,141	$23,707
Bituminous Coal (daily average, 1,000 tons)	*1,366	‡1,351	1,540
Petroleum (daily average, 1,000 bbls.)	2,595	2,590	2,630
Total Electric Power, millions kw.-hr.	*1,855	*1,865	1,850
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	151	149	175
Check Payments (outside N.Y. City, millions)	$5,487	$5,289	$6,196
Wheat Receipts (1,000 bushels)	4,077	2,337	3,661
Cotton Receipts (1,000 bales)	96	94	117
Cattle Receipts (1,000 head)	*162	‡145	165
Hog Receipts (1,000 head)	*456	‡480	548
Wool Receipts (1,000 lbs.)	7,552	2,602	4,458
Prices (Average for the Week)			
Wheat (No.2, hard winter, Kansas City, bu.)	$ .97	$ .98	$1.07
Cotton (middling, New York, lb.)	$ .164	$ .162	$ .196
Iron and Steel (composite, ton)	$33.96	$34.28	$37.07
Copper (electrolytic, lb.)	$ .131	$ .138	$ .178
All Commodities (Fisher's Index, 1926-100)	89.7	90.2	96.7
Finance			
Total Loans and Discounts, Federal Reserve member banks (millions)	$16,964	$16,955	$16,438
Commercial Loans, Federal Reserve member banks (millions)	$8,583	$8,629	$9,067
Brokers' Loans, New York Federal Reserve member banks (millions)	$4,074	$4,274	$5,551
Federal Reserve System Ratio	83.0	82.5	74.3
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	30,310	26,924	22,976
Stock Prices (N. Y. Times, average 50 stocks)	$226.33	$237.43	$249.78
Bonds Sold (N. Y. Stock Exchange, par value thousands)	$67,390	$58,586	$46,673
Bond Prices (Dow, Jones, average 40 bonds)	$94.94	$94.87	$94.92
Interest Rates—Call Loans (daily average) %	3.9%	4.0%	11.4%
Interest Rates—Time Loans (daily average) %	3½-4%	4-4½%	8½%
Business Failures (Dun, number)	472	547	421

*Preliminary ‡Revised xNot available

Power, Coal, Petroleum Gain

Although *The Business Week's* index of electric power production for the latest week is nearly 3% above normal, power output has come closer to last year's level than for any week so far

this year, showing only a 0.3% increase as compared with a year ago. The increase over last year has been progressively pared down since the beginning of 1930.

Both bituminous coal and petroleum production showed a slight increase in the daily average rate for the latest week, but both are below last year's level, and coal has fallen below the 1928 level. Our index of bituminous coal production is now hearly 20% below normal.

Weakness in commodity prices continues. The wheat average fell 3 cents below the dollar level. Exports were larger. The cotton average was somewhat stronger under pressure by the Farm Board on July contracts, but is probably higher than current conditions will sustain to the end of the crop year. Sugar futures have fallen to the lowest price on record. Iron and steel prices have weakened sharply and the *Iron Trade Review* composite is lowest since the first week of April, 1922, and over $3.00 a ton below a year ago. The copper price dropped to 13 cents and then to 12½ and slightly below. The Fisher all-commodity index as well as the National Fertilizer Association index have shown further marked declines.

General Trade Indicators Weak

The general trade indicators are uniformly weaker. Total carloadings rose slightly for the week due to marked increases in coal and other bulk loadings, but remain nearly 14% below 1929—the largest deficit shown so far this year. More significant is the fact that non-bulk carloadings have shown a marked decline for the second consecutive week, contrary to the usual seasonal movement, and are over 9% below 1929, the largest deficit so far this year with one exception. Our index of this class of carloadings is now 9% below normal.

Check payments in 131 cities rose slightly, but less than usual for the week and are nearly 12% below 1929, more than any other week so far excepting the first week of the year. Our index of check payments outside New York City is 3.6% below normal.

Currency in circulation, now included in our general business index, rose slightly for the week, but remains 2% below normal.

Commercial loans of reporting Federal Reserve member banks showed a further decline for the week. They are below 1927, 1928 and 1929 levels, and, according to our index, slightly below normal as a measure of the volume of commercial activity, because of the low level of commodity prices.

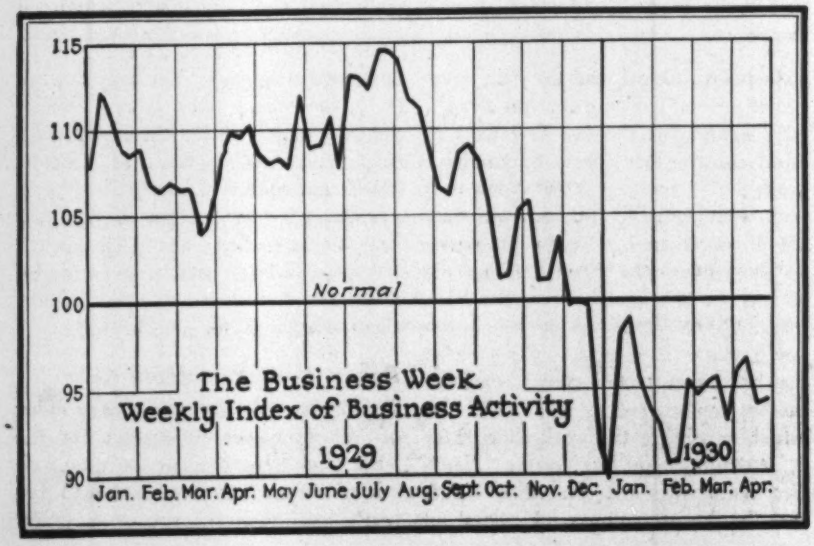
April Failures a Record

The number of business failures declined considerably below the 500 mark for the week, and though higher than a year ago is under the number in 1928. According to Dun's figures April failures were largest for the month on record, although over 6% below March and less than in any month this year.

April chain and mail order store sales reports, reflecting the late Easter this year, made a generally favorable comparison with last April, except in the case of Sears, Roebuck, which showed a decline of 4.5% for the four weeks ended April 23 as compared with the corresponding period of last year. The four-months figures of chain and mail order sales, despite a poor March, are generally higher than last year, again excepting Sears, Roebuck.

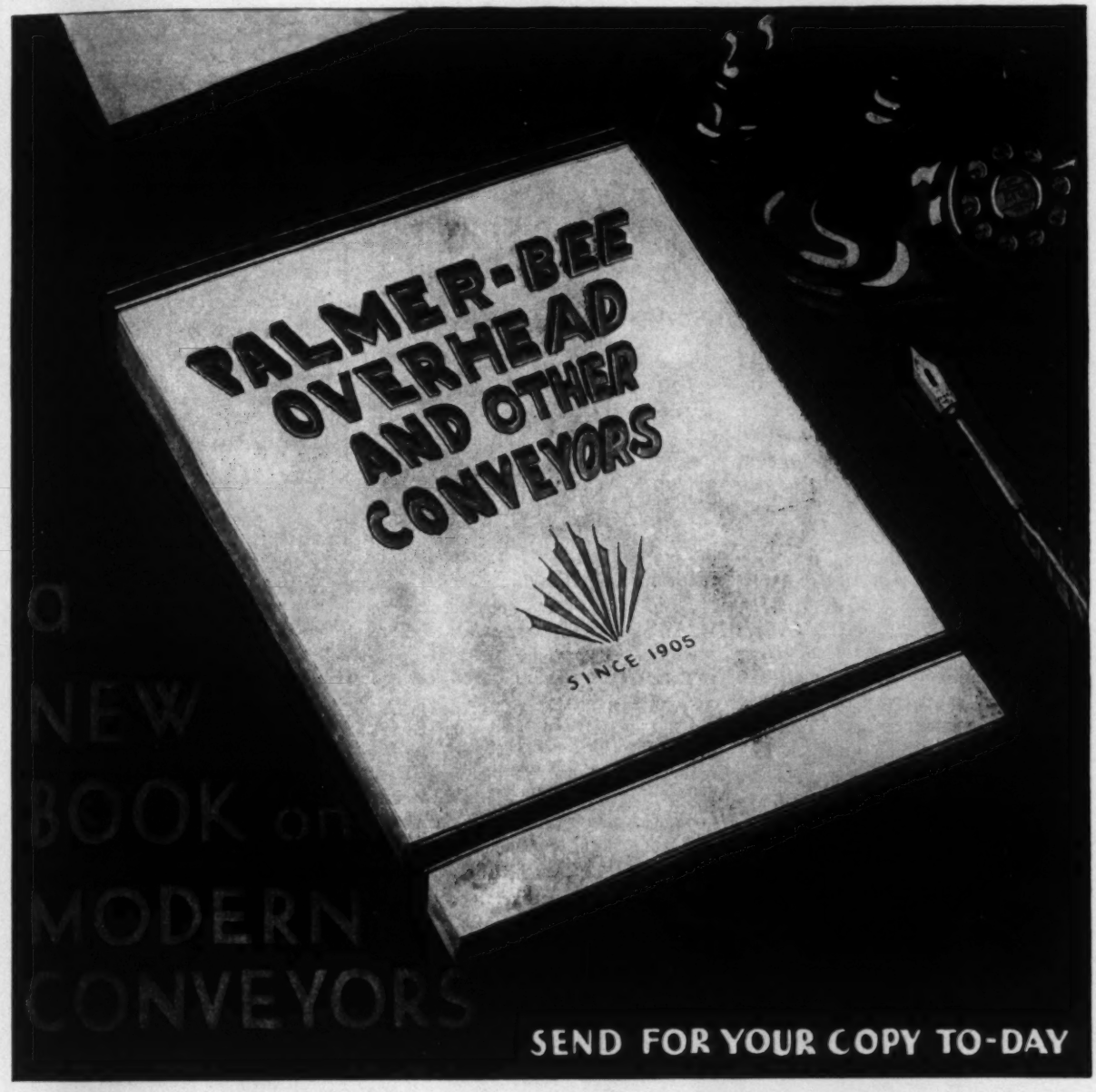
Late employment conditions reports are conflicting. The New York State industrial figures show a decline of 1.6% between the middle of March and the middle of April. This decline is about usual for the season, but it leaves the New York State index of factory employment at 90, which is 10% below the 1925-27 average and below the low figure for July, 1928. Declines were general, except in building materials industries, and clothing and fur manufacturing. The American Federation of Labor percentage of union members unemployed in April was 20%, slightly less than the 21% in March. Employment in Toledo plants for the week ended May 2 showed a slight increase over the preceding week.

THE chart on this page shows the course of *The Business Week's* weekly index of general business activity since the beginning of 1929. The index is based on eight series of weekly figures, four measuring general productive activity and four measuring general trade. It shows the current level of the volume of business during a period covering the two weeks preceding the date of issue, as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the nature, purpose and method of computation of the index see *The Business Week*, May 7, 1930, page 31.



Exports Decline

Analysis of March and first-quarter foreign figures by commodity classes indicates that the largest declines in exports have occurred in crude foodstuffs, which usually rise in periods of business depression. But the drop in finished manufactures was not insignificant. Crude materials exports fell 18% for the month and 19% for the quarter as compared with last year; crude foodstuffs declined 57% for the month and 46% for the quarter; semi-manufactures 26% for the month and 25% for the quarter; and finished manufactures 24% for the month and 17% for the quarter—about the same as total exports. In imports the greatest reduction was in raw materials—27% for the month and 26% for the quarter—a good indication of lessened industrial activity.



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Money and the Market

STOCKS declined to lower levels this week amid the excitement of the biggest trading days and widest fluctuations 1930 has so far witnessed. Increases for the past 2 months have been wiped out. Bonds came through a little stronger—a result directly due to the continued monetary ease.

The market appears to have steadied itself again at the lower levels, after 3 weeks of declining prices. Only narrow fluctuations are expected in the near future. Now that the latest drive toward a big bull market has been thwarted, the stock market may resume its position as something of an indicator of business conditions. For several months quotations have been out of touch with business.

The past week saw once more a sales day of over 8 million shares—largest since last December. Saturday's transactions were the largest for a 2-hour session in the history of the market. The decline went so far that some selling came from impaired margin accounts—the first of such selling since last fall. The drop was no way comparable to the 1929 crash and orderliness prevailed at all times.

Stocks at February Level

Industrial stocks now are at the level reached in the recession at the end of February. Utilities are at the same levels as they held in early February. Extremely unfavorable railroad reports have taken quotations for that section of the market to a new low for the year.

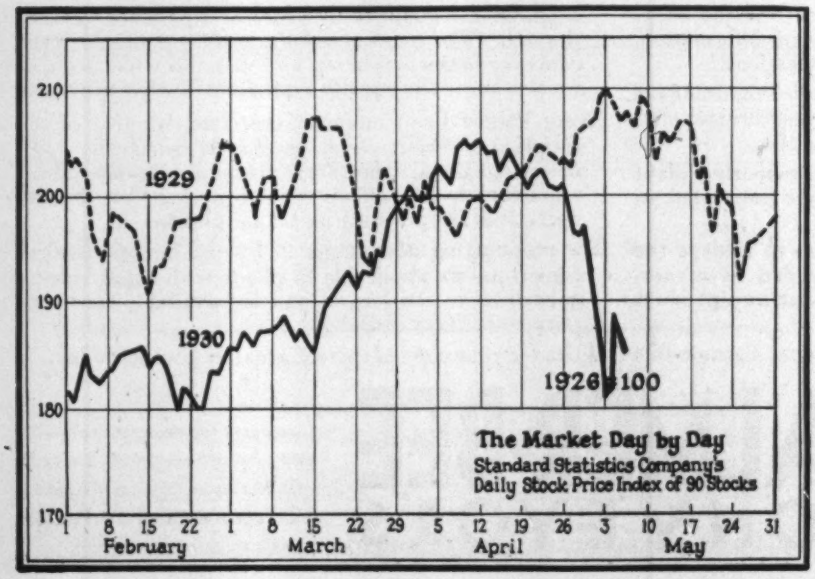
Large buying orders were encountered when prices reached the lowest points Monday afternoon and Tuesday morning. From the size of the recovery staged at that time, it is evident that stocks looked like a good buy to many. Heavy investment trust purchases were reported. Bears decided to cover.

Foreigners were large buyers, too. Brokerage houses reported sizeable orders from London, Paris and Amsterdam. The downturn in foreign exchanges reflected this trend. Dollars were bid up. The movement overcame the tourist demand for francs and sent that unit down. Sterling went to the lowest point of the year due to this reason plus the "flight from the pound" resulting from unsettled conditions and the prospect of higher taxes in Britain. Marks also dropped.

Business news was not encouraging. Declining prices were in evidence among the commodities. Metals, such as steel, copper, lead and zinc were also weak in price.

Rates Decline

Rates were lower in the New York money market, and continue to decline —though very gradually—elsewhere. Call money went lower than it has since the middle of March, ranging from 3½% to 3%. Bankers acceptances dropped ⅛% to 2⅝@2½%. The New York Federal Reserve bank reduced its buying rate to the level of the market, after remaining above it for some days. Time money against collateral was a bit easier at 3½% and 4%. Commercial paper was unchanged at 3½% and 4%. The Boston Reserve bank reduced its discount rate to 3½% from 4%, and other reductions are expected from other banks.



What Stocks Are Doing

The Business Week's monthly test of movements of active stocks shows that of about 700 issues traded in on the New York Stock Exchange January 2, 1930, 73.2% were higher on May 1, 1930, 25.3% were lower and 1.5% unchanged. As compared with April 1 only 21.7% were higher, 74.0% were lower and 4.3% were unchanged.

The Situation Abroad

The foreign situation was little changed. Reduction in the German Reichsbank's discount rate to 4½% from 5% is expected at any time, following other central bank cuts of last week. Paris continued to take gold in the open market at London by virtue of a favorable exchange rate. The Bank of England increased its gold reserves slightly, though. The World Bank moved nearer to the end of its birth struggles as Italy ratified the Young plan following settlement of the central European reparations muddle. Britain's ratification is expected momentarily.

Brokers' loans responded fully to the market decline, dropping $200 millions and wiping out the increases of the last two and a half weeks.

Member bank credit showed little change in the week's report, but continued the same discouraging trend of the year thus far. Security loans continued to mount. Commercial loans dropped sharply, following the slight rise last week. These loans now are at the same total as was recorded for this period of 1927. Trends of bank credit prompted Gov. Roy A. Young of the Reserve Board to address the American Bankers Association officials on the responsibilities of bankers.

The Comptroller of the Currency's statement on condition of national banks as of the March 27 call showed a considerable decrease in resources, loans and deposits from the year-end statements. This trend is seasonal and was indicated by *The Business Week* compilations in the issue of April 23.

The Dublin Letters

To Mr. George Clark, Treasurer and General Manager, in Reference to a Letter from Mr. Philip Bailey, Vice-President of the Dublin Advertising Agency

The "Hawk's Nest"
New Hampshire
August, 1927

Dear George:

Enclosed find letter from Phil Bailey which says you discussed my proposed fade-out from the Agency with him—and which, forthwith, squirts us in the eye with a proposition.

Phil seems to welcome my retirement with the glee of a kid who has providentially stumbled across a wrecked hokey-pokey cart. So he whoops up for a first swipe at the free vanilla.

Note he desires to buy the Dublin Agency. You will note, I imagine, with extreme pain since he makes no mention of including you, Ben Frost, Archie Bellamy or any of his other working pals in the plan. He is going to lone wolf it.

I wonder where Phil expects to get the bank-roll. Is there a hide-and-seek sockful of dough in the Bailey family? Concealed on his Missus, perhaps? Or does he think he can take over the property on a down payment of $345.00 and a pay-as-you-ride arrangement? Or has he got a Kriss Kringle crouching up the chimney in the shape of some client he's bees-waxed into backing him?

Latter suspicion is very unpleasant. Phil is a bright young go-getter and an able practitioner of the syruptitious method. We both know Phil's bird dog scent for uncovering a situation—and then saving it. And we also know his tall talent for making a situation where there isn't any—and saving that one, too. What would be more natural for a born situation-saver than that Phil would rush to one of his pet clients in an anxious sweat over the fact the Old Chief had taken down with the tisick and that he—our Philip—*will save the Agency and all hands on board?* It's a good story and he wouldn't be lying—more than half.

If he tells one client he'll tell *two*. If he tells two he might as well circularize the whole list. Once the underground cackle gets touched off it will jiggle the confidence of our complete customer roll-call. Our competers will assist. Don't give yourself any lulling powders on this.

Another question for us to gnaw on centers in our own internal set-up. The remark of Ben Frost's—you remember—that Phil "had a smile like a tom-cat and wouldn't be true to anybody"? It came floating back to me before I'd finished the first page of Phil's letter. And coupled with it was Archie Bellamy's wise-crack about the Bailey brain-cells swimming in the "Napoleonic fumes of conquest." In the past I never took these little squibs of resentment very seriously, but now in the light of Phil's determination to bulge into the Big Boss I am inclined to guess that the boys have hoarded up a few unsuspected kegs of gunpowder in readiness for Der Tag.

Undoubtedly Phil has way overplayed his vice-presidential rating the past year or so. He has been swelling and swaggering around and behaving excessively executive and I have noticed quite a few looks among the personnel which threw him a corrosive kiss as he went by. A week ago we might have laughed these small human didoes off as straws in the wind which do nothing worse than get down the back of your neck and tickle. But today they assume the weight and proportions of bricks in a tornado and you can't grin so much.

The organization would never stand by and watch Phil Bailey ease the feet into the Chief's ground-grippers. He wouldn't even get one shoe on before the protesting yelp of the Dublin *vox populi* would be heard among the umpire-boos up at the Polo Grounds. Neither Ben Frost nor Archie Bellamy, particularly, would work for him, with him, or acknowledge him as their directing superior.

Furthermore, we are constitutionally an unbossed crowd. We mill around together and develop our own spontaneous cohesions. The boss traditionally is supposed to be one of the shirt sleeve workers with the crew who gets together and grunts and lifts with the rest of them. I've always done that. I did it first because I couldn't afford not to; later I did it because I liked the excitement of it; still later I did it because it was the most human and humane method of handling men I could find.

But Phil—and the boys sense this—would have the Agency too front office inside of 48 hours—He would be Him-

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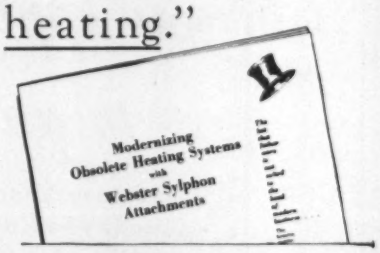

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What Test *do you apply to an investment?*

SOME investors continue to take an attitude which was born of the market of 1929. It is reflected in a type of thinking which applies only one test to an investment: "Is it a buy"—meaning: what is it going to do, how many points is it good for—instead of asking the basic question: "Is it sound?"

This attitude obviously overlooks the fact that a security represents an interest *in a business* and is more than a mere market transaction. It does not take into account the factors on which the business, and therefore the security, depends—management, product, assets and earnings. It seeks to disregard the factor of time. It asks too soon for results that can be achieved only over a period.

The true investment attitude dictates, first of all, the selection of sound situations which have in them the possibilities of reasonable growth and, therefore, reasonable appreciation in principal and income over a period of time. Given such a situation, the investor should participate in it through long term investment in the bonds or stocks, as individual requirements indicate. In this way he earns and receives the rewards of capital soundly placed.

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Sound Securities for Investment

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self and the 250 other people would be the organization. He would sit behind a desk with nothing on top of it but the furniture polish. If anyone wanted to talk to him he would have to book the hour some time next week. If an account executive ached to report that a customer was awful sore and something must be done quick, Phil would say write me a memo. If a feller got into some private trouble and yearned to talk to Phil sotto voce man to man he wouldn't find Phil, the plain, sympathetic citizen, around. There'd be nobody home but the President—the big stiff. A few months of this sort of poodle training would bring on the wholesale exodus.

Oh, hell! I could keep up with this scenario forever. The point I am trying to sharpen for you is that even a drib of suspicion that Phil might be considered as potential potentate would uncork a most distressful situation. It would hardly smell mighty like a rose. It would smell more like a milk can on the sunny side of a shipping platform in August. For the love of peace and harmony don't tell anybody about Phil's letter to me. That means NOBODY.

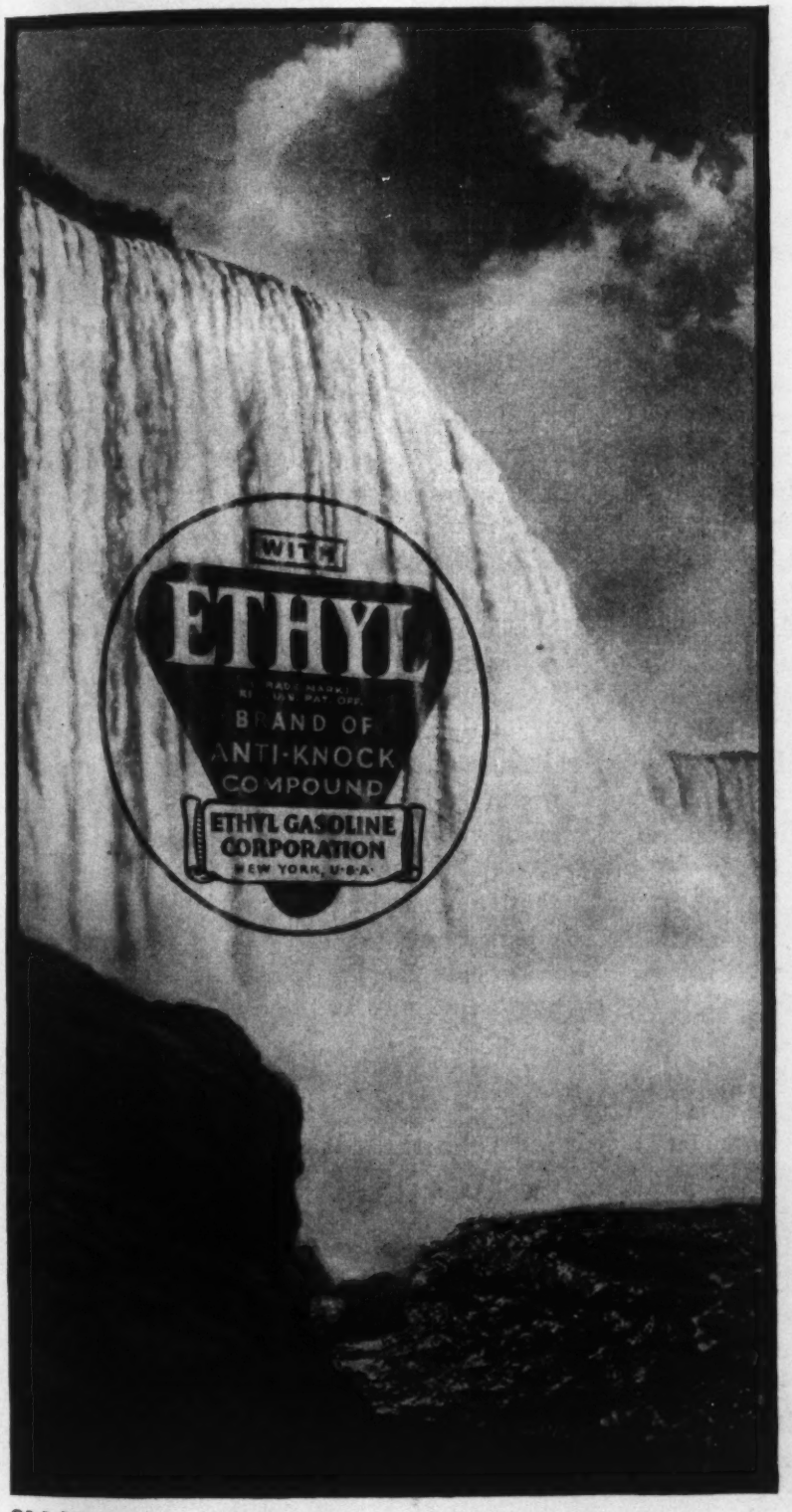
I don't want a premature climax. I don't want any climaxes. I'm as fed up on 'em as the tropical peoples must be on bananas. What's more I intend to get paid a substantial price for the Dublin Agency based on its present worth, and I'm not going to feel good if a gang fight starts which knocks 50% off the value before the fracas is finished. That can happen. But it better not. If it does I'll say I was only fooling about my resignation and come back and sit heavy on the job again.

Rather testily yours,
Jim.

Motor Accidents Alone Foil Safety Drives

MOTOR vehicle fatalities are still increasing. The National Safety Council reports that during 1929 there were 31,000 deaths from motor vehicles, 3,000 more than in 1928. Accidental deaths from all causes in 1929 totalled 97,000, only 2,000 more than in 1928. Safety campaigns are taking effect in other fields than that of motor vehicle accidents. They are also reducing the comparative increase in children's accidents. From 1922 to 1928 accidental deaths to persons of all ages increased nearly 25%; during the same period, deaths of children less than 15 years old increased less than 0.1%.

Over *one billion* gallons of Ethyl a year



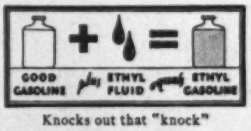
A NIAGARA of Ethyl Gasoline — over *one billion* gallons a year—now flows through the pumps bearing the Ethyl emblem.

That emblem means two things: 1. Each gallon contains enough Ethyl anti-knock fluid to "knock out that 'knock'" in cars of average compression and develop the additional power of the new high-compression cars. 2. Each gallon must conform to the specifications of the Ethyl Gasoline Corporation as to the quality of the base gasoline used—in volatility (quick starting) and minimum gum and sulphur content.

So remember that wherever you see the Ethyl emblem on a pump—no matter what oil company's name or brand is associated with it—it means "good gasoline of high anti-knock quality."

Remember too that while Ethyl Gasoline is colored red for identification, not all red gasolines are Ethyl. Always look for the Ethyl trademark on the pump.

Ethyl Gasoline Corporation, Chrysler Building, New York City.



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ETHYL GASOLINE

EDITORIAL

Give Them a Hand

THE annual meeting of the Chamber of Commerce of the United States comes each spring to American business life somewhat as the circus comes to American childhood, a climactic event, gigantic and glamorous, that renews for a moment the sense of the miraculous amid the commonplace perplexities of individual experience and the prosaic routine of life. Not only, of course, does it afford us all a chance to meet the lions face to face, but it provides once a year a meeting place of business minds, where they all, great and small, can compare opinions and exchange ideas. In this sense it is the only real parliament of American business, far more representative of business thought and purpose than is any legislative body we have.

He who wants to know what business—and that is the United States—is thinking and hoping will do well to watch as carefully as he can what goes on year after year in all the many rings of Business' Biggest Show on Earth.

Upon two of them especially were all eyes focussed this year. In one where the great battle over the Farm Board took place, the Chamber tried to see whether it could not ride two horses at once, and, it must be confessed, came out badly bruised. But that particular act, as we have repeatedly pointed out, is probably the most difficult ever attempted; the time available for practice has been too short; and perhaps it may never be done successfully at all. In this case it would probably have been better never to have tried than to have so signally failed.

But in the other case, where the results of the Chamber's great experiment in business stabilization by organized private coo[illegible] were presented by Ringmaster Barnes[illegible]nd surely most of the audience, felt far differently. Carping critics, forgetting that this was the first recorded performance of its kind in all our business history, have said enough mean things, and thrown enough pop bottles to spoil any show, in the past few months. But for our paper, we are glad to record that the actors have grown in skill, sureness, and self-restraint, and have steadily improved in effectiveness with constant rehearsal.

Though at first one or two of the stars tended to overdo his part, and a few of the performers have fumbled the ball in matters of wages and employment, it has been kept in the air longer than ever before under such difficult circumstances, and fewer innocent bystanders have been hurt than might have been without this earnest team-play. In fact, though the play is not yet finished, it does look as if an otherwise tragic situation may yet have a happy ending.

For our part we think this alone has been worth the price of admission, and hope that the promises of the Master of Ceremonies to hold the company together, continue rehearsals, and perfect their performance for the future will be carried out. Nay, more—it might be distinctly worth while to take it, so to speak, on the road for a tour of the provinces, to show the folks back home what well-organized, public-spirited business cooperation can do. Many of them have never seen a first-class modern performance of this kind, and it would do them a lot of good—perhaps inspire the amateur spirit to emulation—which would do the country lots of good, too.

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